

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

FOOD52, INC.,<sup>1</sup>

Debtor.

Chapter 11

Case No. 25-12277 (LSS)

Ref. Docket No. 11

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO OBTAIN  
POSTPETITION FINANCING; (II) GRANTING LIENS AND PROVIDING  
SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS; (III) AUTHORIZING USE  
OF CASH COLLATERAL; (IV) GRANTING ADEQUATE PROTECTION;  
(V) MODIFYING THE AUTOMATIC STAY; (VI) SCHEDULING A FINAL HEARING;  
AND (VII) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of Food52, Inc. as debtor and debtor-in-possession (the “**Debtor**”) in the above-captioned chapter 11 case (the “**Chapter 11 Case**”), seeking entry of an interim order (this “**Interim Order**”) and a final order (the “**Proposed Final Order**”), pursuant to sections 105, 361, 362, 363, 364, 503, 506, 507, and 552 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2002-1, 4001-2, and 9013-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), that, among other things:

i. authorizes the Debtor to obtain postpetition financing on a senior secured superpriority basis, consisting of a new money term loan facility (the “**DIP Facility**,” and the loans

<sup>1</sup> The Debtor in this chapter 11 case is Food52, Inc. and the last four digits of the Debtor’s federal tax identification number are 2604. For the purpose of this chapter 11 case, the Debtor’s service address is 1 Dock 72 Way, 13<sup>th</sup> Floor, Brooklyn, New York 11205.

<sup>2</sup> Unless stated otherwise, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the DIP Term Sheet (as defined below), as applicable.



issued thereunder, the “**DIP Loans**”) in an aggregate principal amount of up to \$3,420,000 (the “**DIP Loan Commitment**”), consisting of

i. a superpriority senior secured multiple draw term loan credit facility in the principal amount of \$3,420,000 (the “**New Money Loan**”), of which (x) upon entry of this Interim Order and satisfaction or waiver of the borrowing conditions set forth in the DIP Term Sheet (as defined below), \$1,920,000 (the “**Interim Advance**”) shall be made available to the Debtor on the Closing Date, and (y) subject to entry of the Proposed Final Order, any amounts above the Interim Advance shall be made available to the Debtor in the amount set forth in the DIP Term Sheet, in each case subject to the terms and conditions set forth in the DIP Term Sheet and/or a Debtor-in-Possession Loan and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “**DIP Credit Agreement**” and, together with any ancillary, collateral or related documents and agreements, the “**DIP Loan Documents**”), among the Debtor, as Borrower, and F52, LLC, as Lender (the “**DIP Lender**”), which DIP Credit Agreement shall be consistent with the terms set forth in the attached *Debtor-in-Possession Term Loan Facility Summary of Terms and Conditions* attached hereto as **Exhibit 1** (the “**DIP Term Sheet**”);

ii. approves the terms of the DIP Term Sheet, and authorizes the Debtor, to execute, deliver, and perform under the DIP Term Sheet, the DIP Loan Documents, and all other credit documentation relating to the DIP Facility, including, without limitation, as applicable, security agreements, pledge agreements, debentures, mortgages, control agreements, deeds, charges, guarantees, promissory notes, intercompany notes, certificates, instruments, intellectual property security agreements, notes, fee letters, and such other documents that are ancillary or incidental thereto or that may be reasonably requested by the DIP Lender in connection with the DIP Facility,

in each case, as amended, restated, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and hereof;

iii. authorizes the Debtor, on an interim basis, to issue, incur and guarantee all loans, notes, advances, extensions of credit, financial accommodations, reimbursement obligations, fees and premiums (including, without limitation the Exit Fee, and any other fees payable pursuant to the DIP Term Sheet and/or DIP Loan Documents), costs, expenses and other liabilities and all other obligations (including indemnities and similar obligations, whether contingent or absolute) due or payable to or for the benefit of the DIP Lender under the DIP Term Sheet and/or the DIP Loan Documents (collectively, the “**DIP Obligations**”), and to perform such other and further acts as may be required, necessary, desirable, or appropriate in connection therewith;

iv. authorizes the Debtor to perform such other and further acts as may be necessary or desirable in connection with this Interim Order, the DIP Term Sheet, the DIP Loan Documents (including the DIP Credit Agreement) and the transactions contemplated hereby and thereby;

v. authorizes and directs the Debtor, to use the proceeds of the DIP Facility and Cash Collateral (defined below) in accordance with the DIP Term Sheet and/or the DIP Loan Documents to (a) fund the postpetition working capital needs of the Debtor pending the Final Hearing, (b) pay fees, costs and expenses of the DIP Facility on the terms and conditions described in this Interim Order, the DIP Term Sheet and/or the DIP Loan Documents, and (c) pay the allowed administrative costs and expenses of the Chapter 11 Case, in each case, solely in accordance with the DIP Term Sheet, the DIP Budget (as defined below), and this Interim Order;

vi. authorizes the Debtor to grant to the DIP Lender valid, enforceable, non-avoidable, automatically, and fully perfected security interests, liens, and superpriority claims, including allowed superpriority administrative expense claims, pursuant to sections 364(c)(1) and 507(b) of

the Bankruptcy Code, subject only to the Carve Out (as defined below) and the Permitted Prior Liens (as defined below), and liens pursuant to sections 364(c)(2), 364(c)(3), and 364(d)(1) of the Bankruptcy Code in the Collateral (as defined below) (and all proceeds thereof), including, without limitation, all property constituting “Cash Collateral,” as defined in section 363(a) of the Bankruptcy Code, (“**Cash Collateral**”), to secure all DIP Obligations, subject only to the Carve Out and the Permitted Prior Liens;

vii. subject to the proviso herein below, authorizes the Debtor to grant TCG 2.0 Food52, LLC (the “**Prepetition Secured Noteholder**”) valid, enforceable, non-avoidable, automatically and fully perfected security interests, liens, and claims, including allowed administrative expense claims, pursuant to section 507(b) of the Bankruptcy Code, in the DIP Collateral solely to the extent of any Diminution (as defined below) of the Prepetition Collateral, as more fully set forth in this Interim Order, subject and subordinate only to the Carve Out, the Permitted Prior Liens, the DIP Liens, and DIP Superpriority Claims (all as defined below), *provided, however*, only to the same validity, priority, and extent as any prepetition security interest, lien, or claim asserted by the Prepetition Secured Noteholder;

viii. authority for the DIP Lender to take all commercially reasonable actions to implement and effectuate the terms of this Interim Order and the DIP Term Sheet;

ix. authorizes payment of the DIP Fees (as defined below);

x. authorizes the Debtor to waive, as to the DIP Lender and Prepetition Secured Noteholder (subject to entry of the Final Order granting such relief), all of the Debtor’s rights to surcharge against the DIP Collateral and Prepetition Collateral, as applicable, pursuant to section 506(c) of the Bankruptcy Code;

xi. subject to entry of the Final Order granting such relief, determination that the equitable doctrine of marshaling or any other similar doctrine shall not apply with respect to any collateral of the DIP Lender for the benefit of any party other than the DIP Lender;

xii. modification of the automatic stay provided by section 362(a) of the Bankruptcy Code to the extent set forth herein and as necessary to permit the Debtor and the DIP Lender to implement and effectuate the terms and provisions of the DIP Term Sheet and/or the DIP Loan Documents, including, upon entry, the Interim Order, and, subject to the terms of the DIP Term Sheet and DIP Loan Documents (including this Interim Order), to deliver any Carve Out Trigger Notice (as defined herein) or other notices in relation thereto and the exercise of certain rights and remedies, as contemplated hereby and by the DIP Term Sheet and other DIP Loan Documents;

xiii. waiver of any applicable stay (including under Bankruptcy Rule 6004) and providing for immediate effectiveness of this Interim Order; and

xiv. schedules a final hearing (the “**Final Hearing**”) to consider final approval of the DIP Facility pursuant to the Proposed Final Order, as set forth in the Motion and the DIP Term Sheet.

This Court, having considered the Motion, the DIP Term Sheet, the proposed Interim Order, the (a) *Declaration of Erika Badan in Support of Chapter 11 Petition and First Day Pleadings* and (b) *Declaration of Christopher Saunders in Support of Debtor’s Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Obtain Postpetition Financing; (II) Granting Liens and Providing Superpriority Administrative Expense Status; (III) Authorizing Use of Cash Collateral; (IV) Granting Adequate Protection; (V) Modifying the Automatic Stay; (VI) Scheduling a Final Hearing; and (VII) Granting Related Relief* (together, the “**DIP Declarations**”), the papers filed with this Court, the evidence submitted and arguments proffered

or adduced at the hearing held before this Court on December 31, 2025 (the “**Interim Hearing**”), and upon the record of the Chapter 11 Case; and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002, 4001, and 9014 and all applicable Local Rules; and all objections, responses and reservations of rights with respect to the entry of this Interim Order, if any, having been withdrawn, resolved, or overruled by this Court; and it appearing to this Court that extraordinary circumstances exist and that granting the interim relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor and its estate pending the Final Hearing, and otherwise is fair and reasonable and in the best interests of the Debtor, its estate, creditors, and other parties in interest, and is essential for the continued operation of the Debtor’s businesses and the preservation of the value of the Debtor’s assets and represents a sound exercise of the Debtor’s business judgment; and after due deliberation and consideration, and for good and sufficient cause appearing therefor,

**THIS COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW BASED UPON THE MOTION, THE REPRESENTATIONS OF COUNSEL AND EVIDENCE SUBMITTED DURING THE INTERIM HEARING.<sup>3</sup>**

a. **Petition Date.** On December 29, 2025 (the “**Petition Date**”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court commencing this Chapter 11 Case.

b. **Debtor in Possession.** The Debtor is operating its businesses and managing its properties as a Debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy

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<sup>3</sup> The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, and shall take effect and be fully enforceable effective as of the Petition Date immediately upon entry hereof. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

Code. To date, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) has not appointed an official committee of unsecured creditors in the Chapter 11 Case (a “**Creditors’ Committee**”) and no request has been made for the appointment of a trustee or an examiner.

c. **Jurisdiction and Venue.** This Court has core jurisdiction over the Chapter 11 Case, the Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The bases for relief sought in this Motion are sections 105, 361, 362, 363, 364, 503, 506, 507 and 552 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014, and Local Rules 2002-1, 4001-2, and 9013-1.

d. **Notice.** Good and sufficient notice of the DIP Motion has been provided by the Debtor in accordance with Bankruptcy Rules 2002, 4001(b), (c) and (d), and 9014 and the Local Rules. The interim relief granted herein is necessary to avoid immediate and irreparable harm to the Debtor and its estate, creditors, and other parties in interest, pending the Final Hearing.

e. **Debtor’s Acknowledgements and Agreements.** Without prejudice to the rights of a Creditors’ Committee or other parties-in-interest as and to the extent set forth in paragraph 31 of this Interim Order, the Debtor admits, stipulates, acknowledges and agrees that:

- i. **Prepetition Loan Documents.** Prior to the Petition Date, the Prepetition Secured Noteholder made a loan advance and provided other financial accommodations to the Debtor pursuant to the terms and conditions set forth in that certain *Secured Promissory Note*, dated as of December 22, 2025, among the Debtor and the Prepetition Secured Noteholder (as amended, supplemented or otherwise modified prior to the Petition Date, and including all exhibits and other ancillary documentation in respect thereof, the “**Prepetition Loan and Security Agreement**”) and all other agreements, documents and instruments executed and/or delivered with, to, or in favor of the Prepetition Secured Noteholder, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements, and all other related agreements, documents and

instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Prepetition Loan and Security Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated, and/or replaced at any time prior to the Petition Date, collectively, the “**Prepetition Loan Documents**”).

- ii. **Prepetition Secured Obligations.** As of the Petition Date, the Debtor was indebted under the Prepetition Loan Documents to the Prepetition Secured Noteholder in an aggregate outstanding amount of not less than \$1,505,000 plus accrued interest and other charges accrued, accruing or chargeable with respect thereto, including, but not limited to, any contingent or unliquidated liabilities (the “**Prepetition Secured Obligations**”). The Prepetition Secured Obligations constitute allowed, legal, valid, binding, enforceable, and non-avoidable obligations of Debtor, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization, or subordination, pursuant to the Bankruptcy Code or any other applicable law, and, subject to entry of the Proposed Final Order granting such relief, the Debtor will forever release, shall not assert, and be forever barred from bringing any claim, counterclaim, setoff, or defense of any kind, nature or description which would in any way affect the validity, enforceability, and non-avoidability of any of the Prepetition Secured Obligations.
- iii. **Prepetition Collateral.** As of the Petition Date, and subject to the terms of the Prepetition Loan Documents, the Prepetition Secured Obligations were secured pursuant to the Prepetition Loan Documents by valid, perfected, enforceable, and non-avoidable security interests and liens (the “**Prepetition Liens**”) granted by Debtor to the Prepetition Secured Noteholder under the Prepetition Loan Documents, in substantially all of the existing and after-acquired assets of the Debtor as more fully set forth in the Prepetition Loan Documents (the “**Prepetition Collateral**”).
- iv. **Proof of Claim.** The acknowledgment by the Debtor of the Prepetition Secured Obligations and the liens, rights, priorities, and protections granted to or in favor of Prepetition Secured Noteholder in respect of the Prepetition Collateral as set forth herein and in the Prepetition Loan Documents shall be deemed a timely filed proof of claim on behalf of the Prepetition Secured Noteholder in these Chapter 11 Case.
- v. No claims or causes of action exist against or with respect to the Prepetition Secured Noteholder under any agreements or otherwise by the Debtor.
- vi. Subject to paragraph 31 below and to the entry of the Final Order granting such relief, the Debtor hereby absolutely and unconditionally releases and forever discharges and acquits the Prepetition Secured Noteholder and, solely in such capacities, its representatives and agents (collectively, the “**Prepetition Loan Released Parties**”) from any and all obligations and liabilities to the Debtor (and its successors and assigns) and from any and all claims, counterclaims, demands, debts,



accounts, contracts, liabilities, actions and causes of action arising prior to the Petition Date (collectively, the “**Prepetition Loan Released Claims**”) of any kind, nature or description, whether known or unknown, foreseen or unforeseen or liquidated or unliquidated, arising in law or equity or upon contract or tort or under any state or federal law or otherwise, arising out of or related to the Prepetition Loan Documents, the obligations thereof and the deal reflected thereby, and the obligations and financial obligations made thereunder, in each case that the Debtor at any time had, now have or may have or that its successors or assigns hereafter can or may have against any of the Prepetition Loan Released Parties for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time on or prior to the date of this Interim Order, whether such Prepetition Loan Released Claims are matured or unmatured or known or unknown.

f. **No Credit Available on More Favorable Terms.** The DIP Facility is the best source of debtor-in-possession financing available to the Debtor. Given its current financial condition, financing arrangements, and capital structure, and the circumstances of the Chapter 11 Case, the Debtor has been and continue to be unable to obtain financing from sources other than the DIP Lender on terms more favorable than the DIP Facility. The Debtor is unable to procure financing in the form of unsecured credit allowable as an administrative expense under sections 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code. The Debtor is also unable to obtain secured credit without (i) granting to the DIP Lender the DIP Liens and the DIP Superpriority Claims (each as defined herein) and (ii) incurring the Adequate Protection Obligations (as defined herein), to the extent set forth herein and under the terms and conditions set forth in the DIP Term Sheet and/or the DIP Loan Documents, in each case of (i) and (ii) subject and subordinate (to the extent provided herein) to the Carve Out and the Permitted Prior Liens, and has been unable to procure the necessary financing on terms more favorable, taken as a whole, than the financing offered by DIP Lender pursuant to the DIP Term Sheet and/or the DIP Loan Documents.

g. **Best Interests of Estate.** It is in the best interests of the Debtor’s estate and creditors that the Debtor be allowed to obtain postpetition secured financing from the DIP Lender

under the terms and conditions set forth herein and in the DIP Term Sheet and/or the DIP Loan Documents, as such financing is necessary to avoid immediate and irreparable harm to the Debtor's estate and for the continued operation of the Debtor's businesses.

h. **Good Faith.** Based upon the papers filed in this Chapter 11 Case and the proceedings of record in this Chapter 11 Case, (a) the extension of credit and financial accommodations under the DIP Term Sheet and/or the DIP Loan Documents are fair, reasonable, in good faith, negotiated at arm's length, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration; (b) the terms and conditions of the DIP Facility and the use of the Cash Collateral have been negotiated in good faith and at arm's-length among the Debtor and the DIP Lender, and Prepetition Secured Noteholder with the assistance and counsel of their respective advisors; (c) the use of Cash Collateral, including, without limitation, pursuant to this Interim Order, has been allowed in "good faith" within the meaning of section 364(e) of the Bankruptcy Code; (d) any credit to be extended, loans to be made, and other financial accommodations to be extended to the Debtor by the DIP Lender, or the Prepetition Secured Noteholder, including, without limitation, pursuant to this Interim Order, have been allowed, advanced, extended, issued, or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code by the DIP Lender and the Prepetition Secured Noteholder in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code; (e) the liens, claims, and other covenants and payments as set forth in this Interim Order and the DIP Term Sheet, as well as the protections afforded parties acting in "good faith" under section 364(e) of the Bankruptcy Code are integral, critical and essential components of the DIP Facility provided by the DIP Lender to the Debtor; and (e) the DIP Facility, the DIP Liens (as defined below), the DIP Superpriority

Claims (as defined below), the Adequate Protection Liens (as defined below), and Adequate Protection Superpriority Claims (as defined below) shall be entitled to the full protection of section 364(e) of the Bankruptcy Code. Accordingly, the DIP Lender is entitled to the protections of section 364(e) of the Bankruptcy Code.

i. **Good Cause.** Good cause has been shown for immediate entry of this Interim Order, and the entry of this Interim Order is in the best interests of the Debtor, its estate, and its stakeholders. Among other things, the Debtor has an immediate need for the liquidity provided by the DIP Facility on an interim basis and interim use of Cash Collateral in order to avoid immediate, irreparable harm, and the relief granted herein will minimize disruption of the Debtor's businesses and permit the Debtor to pay critical expenses necessary to maximize the value of its estate. The interim relief requested in the Motion is necessary, essential, and appropriate, and is in the best interest of and will benefit the Debtor, its creditors, and its estate, as its implementation will, among other things, provide the Debtor with the necessary liquidity to (1) minimize disruption to the Debtor's businesses and ongoing operations, (2) preserve and maximize the value of the Debtor's estate for the benefit of all the Debtor's creditors, and (3) avoid potential immediate and irreparable harm to the Debtor, its creditors, its businesses, its employees, and its assets.

j. **Necessity of DIP Facility Terms.** The terms of this Interim Order, the DIP Term Sheet, and/or the DIP Loan Documents assuring that the liens and the various claims, superpriority claims, and other protections granted in this Interim Order will not be affected by any reversal or modification, as provided in section 364(e) of the Bankruptcy Code, which is applicable to the postpetition financing arrangement contemplated in the DIP Term Sheet and/or the DIP Loan Documents, are necessary in order to induce the DIP Lender to provide postpetition financing to the Debtor.

k. **Immediate Need for Postpetition Financing and Use of Cash Collateral.** The Debtor has an immediate and critical need to obtain financing pursuant to this Interim Order, the DIP Term Sheet, and/or the DIP Loan Documents and to continue to use the Prepetition Collateral (including Cash Collateral) in order to, among other things, (a) pay the fees, costs, and expenses incurred in connection with the Chapter 11 Case, (b) fund any obligations benefitting from the Carve Out, (c) permit the orderly continuation of the operation of its businesses, (d) maintain business relationships with customers, vendors, and suppliers, (e) make payroll, and (f) satisfy other working capital and operational needs. The incurrence of new debt under this DIP Order, the DIP Term Sheet, and/or the DIP Loan Documents and use of Cash Collateral is in the best interest of the Debtor's estate and necessary and vital to the preservation and maintenance of the going concern value of the Debtor. Immediate and irreparable harm will be caused to the Debtor and its estate if immediate financing is not obtained and permission to use Cash Collateral is not granted. The extensions of credit under this Interim Order, the DIP Term Sheet, and/or the DIP Loan Documents are fair and reasonable, and the Debtor's entry into the DIP Facility reflects the Debtor's exercise of prudent business judgment and is supported by reasonably equivalent value and fair consideration. The adequate protection provided in this Interim Order and other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code.

l. **Willingness to Provide Financing.** The DIP Lender has committed to provide financing to the Debtor subject to: (a) entry of this Interim Order and the Final Order; (b) approval of the terms and conditions of the DIP Term Sheet, the DIP Facility, and those set forth in the DIP Loan Documents; (c) satisfaction of the closing conditions set forth in the DIP Loan Documents; and (d) findings by this Court that the DIP Facility is essential to the Debtor's estate, that the DIP Lender is extending credit to the Debtor pursuant to this Interim Order, the DIP Term Sheet, and/or

the DIP Loan Documents in good faith, and that the DIP Lender's claims, superpriority claims, security interests and liens and other protections granted pursuant to this Interim Order, the DIP Term Sheet, and/or the DIP Loan Documents will have the protections provided by section 364(e) of the Bankruptcy Code.

m. **Priming of Prepetition Liens.** The priming of the security interests in and liens on the Prepetition Collateral (collectively, the "**Prepetition Liens**") under section 364(d) of the Bankruptcy Code, as contemplated by the DIP Term Sheet (and/or the DIP Loan Documents) and as further described below, will enable the Debtor to obtain the DIP Facility and to continue to operate its businesses for the benefit of its estate and creditors, and the Debtor would not be able to obtain debtor-in-possession financing in a sufficient amount without granting such priming liens. Consistent with the requirements of section 364(d) of the Bankruptcy Code, and without waiving the Debtor's or any other party-in-interest's right to assert any and all challenges, causes of action, and claims against the Prepetition Secured Noteholder, the Prepetition Secured Noteholder shall receive adequate protection as set forth in this Interim Order, pursuant to sections 361, 363, and 364 of the Bankruptcy Code, solely to the extent of any decrease in the value of its interest, if any, in the Prepetition Collateral (including Cash Collateral) resulting from (a) the use, sale, or lease by the Debtor of the Prepetition Collateral during the pendency of the Chapter 11 Case, (b) the DIP Liens and the Carve Out pursuant to this Interim Order, the DIP Term Sheet, and/or the DIP Loan Documents, or (c) the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (such actual diminution, collectively, "**Diminution**").

n. **DIP Budget.** The Debtor has prepared and delivered to the DIP Lender and its advisors an initial budget attached hereto as Schedule 1 (together with any additional line-item or other detail and supplements as may be provided pursuant to the terms of the DIP Term Sheet, the

**“Approved Budget”**). The Approved Budget has been reviewed by the Debtor, its management, and its advisors, and the Debtor believes that the Approved Budget is reasonable under the circumstances. The DIP Lender is relying, in part, upon the Debtor’s agreement to comply with the Approved Budget (subject only to Permitted Variances) and the terms of the Term Sheet in determining to enter into the DIP Facility and to consent to the use of Cash Collateral provided for in this Interim Order.

o. **Extraordinary Circumstances.** Extraordinary circumstances exist within the meaning of Local Rule 4001–2(b) as set forth in the Motion and at the Interim Hearing to the extent necessary to justify the relief set forth in this Interim Order.

p. **Use of Cash Collateral and Proceeds of DIP Facility.** As a condition to the Debtor’s entry into the DIP Term Sheet and/or the DIP Loan Documents and the extension of credit under the DIP Facility and the authorization to use Prepetition Collateral, including Cash Collateral, the Debtor has agreed that Cash Collateral and the proceeds of the DIP Facility shall be used solely in accordance with the terms and conditions of this Interim Order, the DIP Term Sheet and/or DIP Loan Documents, and the Approved Budget (subject only to Permitted Variances).

q. **Adequate Protection.** As part of the adequate protection provided by this Interim Order, the Prepetition Secured Noteholder shall receive, among other things, replacement liens and superpriority claims with the same validity, priority and extent of any liens asserted by the Prepetition Secured Noteholder, subject in all respects to the Carve-Out and subject to the Challenge rights in paragraph 31 of this Interim Order. The terms of the Adequate Protection Obligations (as defined in paragraph 13 below) are fair and reasonable, reflect the Debtor’s prudent exercise of business judgment, and are sufficient to allow the Debtor’s use of the Prepetition Collateral (including the Cash Collateral) and to permit the relief granted in this Interim Order.

r. **Sections 506(c), 552(b), and Marshaling.** In light of the DIP Lender's agreement that its liens and superpriority claims shall be subject to payment of the Carve Out and the Permitted Prior Liens, and the Prepetition Secured Noteholder's agreement to the use of its Prepetition Collateral, the DIP Lender and the Prepetition Secured Noteholder, respectively, have negotiated for, and the Debtor intend to seek in the Final Order, (a) a waiver of the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral, the DIP Obligations, Prepetition Collateral, and the Prepetition Secured Obligations in favor of the DIP Lender and Prepetition Secured Noteholder, as applicable, (b) a waiver of any "equity of the case" exception under section 552(b) of the Bankruptcy Code in connection with the DIP Facility and the use of Cash Collateral and the Prepetition Liens, as applicable, and (c) a waiver of the provisions of section 506(c) of the Bankruptcy Code with respect to the collateral of the DIP Lender and Prepetition Secured Noteholder.

s. **Business Judgment.** Based on the Motion, the DIP Declarations, and the record presented to this Court at the Interim Hearing, (i) the extensions of credit embodied in the DIP Loan Documents, including the fees, expenses, and other charges paid and to be paid thereunder or in connection therewith, (ii) the adequate protection authorized by the Interim Order and DIP Loan Documents, and (iii) the terms on which the Debtor may continue to use the Prepetition Collateral (including Cash Collateral), in each case pursuant to this Interim Order and the DIP Loan Documents, are fair and reasonable, reflect the Debtor's exercise of prudent business judgment, constitute reasonably equivalent value and fair consideration, and represent the best financing and terms available under the circumstances.

t. **Immediate Entry.** Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and the applicable Local Rules.

NOW, THEREFORE, based upon the foregoing findings and conclusions, the Motion and the record before this Court with respect to the Motion, and after due consideration and good and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. **Motion Granted.** The DIP Motion is granted on an interim basis, and the DIP Financing is authorized and approved, in each case in accordance with and subject to the terms and conditions of this Interim Order. All objections to this Interim Order to the extent not withdrawn, waived, settled or resolved, and all reservations of rights included therein, are hereby denied and overruled on the merits. This Interim Order shall become effective immediately upon its entry. For the avoidance of doubt, the rights of all parties in interest to object to the entry of the Final Order are expressly reserved.

2. **Authorization of the DIP Facility.** The Debtor is expressly and immediately authorized and empowered to execute and deliver the DIP Loan Documents, and to incur and to perform the DIP Obligations in accordance with, and subject to, the terms of this Interim Order and the DIP Loan Documents, and to execute, deliver, and perform under all instruments, certificates, agreements, and documents which may be required or necessary for the performance by the Debtor under the DIP Loan Documents, and the creation and perfection of the DIP Liens described in and provided for by this Interim Order and the DIP Loan Documents. The Debtor is hereby authorized to pay, in accordance with this Interim Order, the DIP Loan Documents, and the Approved Budget (subject only to Permitted Variances), any principal, interest, fees, expenses, and other amounts described in the DIP Loan Documents and this Interim Order, as such amounts become due and owing, without need to obtain further Court approval (except as otherwise provided herein or in the DIP Loan Documents) subject to and in accordance with the terms hereof



and thereof, including, without limitation, any reasonable and documented fees and disbursements of counsel to the DIP Lender, as set forth herein and in the DIP Loan Documents, subject to paragraph 27 of this Interim Order, whether or not such professional fees and disbursements arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated, and to take any other actions that may be necessary or appropriate, all to the extent provided in this Interim Order and the DIP Loan Documents. Upon execution and delivery, the DIP Loan Documents shall represent legal, valid, and binding obligations of the Debtor, enforceable against the Debtor and its estate in accordance with their terms. Each officer of the Debtor acting individually is hereby authorized to execute and deliver each of the DIP Loan Documents.

3. **DIP Obligations.** Subject to the terms and conditions of this Interim Order, the DIP Loan Documents and this Interim Order shall constitute and evidence the validity and binding effect of the Debtor's DIP Obligations. All DIP Obligations shall be enforceable against the Debtor, its estate, and any successor thereto, including without limitation, any trustee appointed in the Chapter 11 Case, or in any case under chapter 7 of the Bankruptcy Code upon the conversion of the Chapter 11 Case, or in any other proceeding superseding or related to any of the foregoing (the "**Successor Case**"). Upon entry of this Interim Order, the DIP Obligations will include, but not be limited to, (a) the due and punctual payment by the Debtor of (i) the unpaid principal amount of and interest on (including interest accruing after the maturity of the DIP Loans and interest accruing after the Petition Date) the DIP Loans, as and when due, whether at maturity, by acceleration or otherwise, and (ii) all other monetary obligations, including advances, debts, liabilities, obligations, fees, including, but not limited to, costs, expenses and indemnities, whether primary, secondary, direct, indirect, absolute or contingent, due or to become due, now existing or

hereafter arising, fixed or otherwise, of the Debtor to the DIP Lender under the DIP Loan Documents and this Interim Order, and (b) the due and punctual payment and performance of all covenants, duties, agreements, obligations and liabilities of the Debtor to the DIP Lender under or pursuant to the DIP Loan Documents and this Interim Order. The Debtor shall be liable for the DIP Obligations. Absent an Event of Default, the DIP Obligations shall become due and payable, without notice or demand, on the Maturity Date. No obligation, payment, transfer, or grant of collateral as security hereunder or under the DIP Loan Documents (including any DIP Obligation or DIP Liens) to the DIP Lender shall be stayed, restrained, voidable, avoidable, or recoverable, under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 544, and 547–550 of the Bankruptcy Code or under any applicable state Uniform Voidable Transactions Act, Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law), or be subject to any disgorgement, avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), claim, counterclaim, charge, assessment, cross-claim, defense, or any other liability or challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity for any reason, subject to paragraph 31 of this Interim Order.

4. **Authorization to Borrow.** To prevent immediate and irreparable harm to the Debtor's estate, and to enable the Debtor to continue to operate its businesses and preserve and maximize the value of its estate, subject to the terms and conditions set forth in the DIP Loan Documents and this Interim Order, the Debtor is hereby authorized to borrow under the DIP Facility, subject to any limitations on, or conditions to, borrowing under the DIP Loan Documents, which borrowings shall be used solely for purposes permitted under the DIP Loan Documents, including, without limitation, to provide working capital for the Debtor and to pay interest, fees,

costs, charges, and expenses, in each case, in accordance with this Interim Order, the DIP Loan Documents, and the Approved Budget (subject only to Permitted Variances). Subject to the terms, conditions, and limitations on availability set forth in the DIP Loan Documents and this Interim Order, the Debtor is hereby authorized to (i) borrow borrowings up to an aggregate principal amount of \$1.92 million of DIP Loans on an interim basis, which Interim Advance shall be made available to the Debtor and may be drawn in a single draw on the Closing Date; and (ii) use the Cash Collateral for the purposes described in this Interim Order. Under no circumstances shall the DIP Lender have any obligation to lend any amounts above the DIP Commitments (as such term is defined in the DIP Term Sheet).

5. **DIP Collateral.** To secure the DIP Obligations, effective immediately upon entry of this Interim Order, pursuant to sections 361, 362, 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code, the DIP Lender is hereby granted, subject only to the Carve Out and Permitted Prior Liens, continuing, valid, binding, enforceable, nonavoidable, and automatically and properly perfected postpetition security interests in and liens on (collectively, the “**DIP Liens**”) the DIP Collateral. The term “**DIP Collateral**” means, collectively, the Debtor’s right, title, and interest in, to and under all the Debtor’s assets, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located: any and all cash, cash equivalents, deposit accounts, securities accounts, accounts, other receivables, chattel paper, contract rights, inventory (wherever located), instruments (including, without limitation, promissory notes), documents, securities (whether or not marketable) and investment property (including, without limitation, all of the issued and outstanding capital stock of the Debtor, all securities accounts and security entitlements related thereto, and financial assets carried therein, and all commodity accounts and commodity contracts), hedge agreements, ships and

vessels, furniture, fixtures, equipment (including documents of title), goods, vehicles, franchise rights, trade names, trademarks, service marks, copyrights, patents, license rights, intellectual property, general intangibles (including, for the avoidance of doubt, payment intangibles and hedging arrangements), rights to the payment of money (including, without limitation, tax refunds and any other extraordinary payments), supporting obligations, guarantees, letter of credit rights, commercial tort claims, causes of action (including, subject to the entry of a Final Order granting such relief, Avoidance Actions (as defined herein)), and all substitutions, indemnification rights, all present and future intercompany debt, fee interests in real property owned by the Debtor, books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks, and other electronic storage media and related data processing software related to the foregoing, and accessions, products, rents, profits, and proceeds of the foregoing, wherever located, including insurance proceeds or other proceeds; (b) all owned real property interests and all proceeds of leased real property; (c) actions brought under section 549 of the Bankruptcy Code to recover any postpetition transfer of DIP Collateral; (d) subject to and upon entry of the Final Order granting such relief, the proceeds of any avoidance actions (such actions, “**Avoidance Actions**”) brought pursuant to chapter 5 of the Bankruptcy Code or section 724(a) of the Bankruptcy Code or any other avoidance actions under the Bankruptcy Code or applicable state law or foreign law equivalents.

6. **Disposition of Collateral.** Notwithstanding anything otherwise provided herein, it shall be an Event of Default within the meaning of the DIP Loan Documents if the Debtor sells, transfers, leases, encumbers or otherwise disposes of any portion of the DIP Collateral, other than in the ordinary course of business or in connection with the payments contemplated under this Interim Order or the Approved Budget (subject only to Permitted Variances), without the prior

written consent of the DIP Lender (and no such consent shall be implied from any other action, inaction or acquiescence by the DIP Lender or from any order of this Court), which consent shall not unreasonably be withheld or delayed. Notwithstanding anything otherwise provided herein, 100% of any net cash proceeds of any sale of DIP Collateral outside of the ordinary course of business shall be used to immediately satisfy the DIP Obligations subject to any applicable Permitted Prior Liens.

7. **DIP Liens.** To secure the DIP Obligations, immediately upon and effective as of entry of this Interim Order, the DIP Lender is hereby granted on a final basis, continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected first priority DIP Liens in the DIP Collateral as follows, in each case subject to the Carve-Out and Permitted Prior Liens:

(i) **Liens Priming the Prepetition Liens.** Pursuant to section 364(d)(1) of the Bankruptcy Code, valid, binding, continuing, enforceable, non-avoidable automatically and fully perfected first priority senior priming liens and security interests in all DIP Collateral, regardless of where located, which senior priming liens and security interests in favor of the DIP Lender shall be senior to Prepetition Liens. For the avoidance of doubt, as a result of the priming of the Prepetition Loan Obligations and Prepetition Liens pursuant to this Interim Order, the DIP Lender shall have a first priority senior priming lien on all DIP Collateral, including but not limited to the Prepetition Collateral;

(ii) **Liens on Unencumbered Property.** Pursuant to section 364(c)(2) of the Bankruptcy Code, valid, binding, continuing, enforceable, non-avoidable, automatically, and fully perfected first priority liens on and security interests in all DIP Collateral that is not otherwise subject to any valid, enforceable, and non-avoidable liens on and security interests; and

(iii) **Liens Junior to Certain Other Liens.** Pursuant to section 364(c)(3) of the Bankruptcy Code, valid, enforceable, non-avoidable automatically and fully perfected junior liens on and security interests in all DIP Collateral (other than as set forth in clauses (a) and (b)) junior only to the “**Permitted Prior Liens**” which shall be limited to valid, enforceable, and non-avoidable liens that are (a) either perfected as of the Petition Date or perfected on or after the Petition Date solely to the extent permitted by section 546(b) of the Bankruptcy Code, (b) not subject to

avoidance, disallowance, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law, and (c) senior in priority to the DIP Lender's Liens under applicable law and after giving effect to any lien release, subordination or inter-creditor agreements; *provided* that Permitted Prior Liens shall not include the liens of Avidbank or the Prepetition Liens.

Other than as set forth herein or in the DIP Loan Documents, the DIP Liens shall not be made subject to or *pari passu* with any lien or security interest heretofore or hereinafter granted in the Chapter 11 Case or any Successor Case, and shall be valid and enforceable against any trustee appointed in the Chapter 11 Case or any Successor Case, upon the conversion of any of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code (or in any other Successor Case), and/or upon the dismissal of any of the Chapter 11 Case or Successor Case. The DIP Liens shall not be subject to section 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of any of the Debtor's estate pursuant to section 551 of the Bankruptcy Code shall be *pari passu* with or senior to the DIP Liens.

8. **DIP Superpriority Claims.** Subject to payment of the Carve Out, upon entry of this Interim Order, the DIP Lender is hereby granted, pursuant to section 364(c)(1) of the Bankruptcy Code, allowed superpriority administrative expense claims in the Chapter 11 Case and any Successor Case (collectively, the "**DIP Superpriority Claims**") for all DIP Obligations (a) with priority over any and all administrative expense claims and unsecured claims against the Debtor's or its estate in the Chapter 11 Case and any Successor Case, at any time existing or arising, of any kind or nature whatsoever, including, without limitation, and in each case to the extent authorized by the Bankruptcy Code, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364, 503(a), 503(b), 507(a), 507(b), 546(c) (subject to entry of the Final Order granting such relief), 546(d) (subject to entry of the Final Order granting such relief), 726, 1113, and 1114 of the Bankruptcy Code, and any other provision of the

Bankruptcy Code, as provided under section 364(c)(1) of the Bankruptcy Code, and (b) which shall at all times be senior to the rights of the Debtor and its estate, and any successor trustee or other estate representative to the extent permitted by law.

9. **No Obligation to Extend Credit.** The DIP Lender shall have no obligation to make any loan or advance under the DIP Loan Documents unless all of the conditions precedent under the DIP Loan Documents and this Interim Order have been satisfied in full or waived by the DIP Lender (in its sole discretion) in accordance with the terms of the DIP Loan Documents.

10. **Use of DIP Facility Proceeds.** From and after the Petition Date, the Debtor shall be permitted to use advances of credit under the DIP Facility only for the purposes specifically set forth in this Interim Order and the DIP Loan Documents, and only in compliance with the Approved Budget (subject only to Permitted Variances) and the terms and conditions in this Interim Order and the DIP Loan Documents. Notwithstanding anything herein, the extensions of credit under the DIP Facility shall not constitute Cash Collateral of the Prepetition Secured Noteholder. The Debtor is permitted to pay and satisfy in full the secured claim of Avidbank so long as the amount of Avidbank's secured claim does not exceed \$411,000, and *provided, further*, that Avidbank's secured claim, any pre-petition or post-petition payment on Avidbank's secured claim, and Avidbank's prepetition sweep of the Debtor's account(s) shall each be subject to the Challenge rights in paragraph 31 of this Interim Order.

11. **No Monitoring Obligation.** The DIP Lender shall not have any obligation or responsibility to monitor the Debtor's use of the DIP Facility, and the DIP Lender may rely upon the Debtor's representation that the use of the DIP Facility at any time is in accordance with the requirements of this Interim Order and the DIP Loan Documents, including but not limited to the Approved Budget.

12. **Authorization to Use Cash Collateral.** Subject to the terms and conditions of this Interim Order and the DIP Loan Documents, and in accordance with the Approved Budget (subject only to Permitted Variances), the Debtor is authorized to use Cash Collateral until the DIP Termination Date. Nothing in this Interim Order shall authorize the disposition of any assets of the Debtor outside the ordinary course of business, or the Debtor's use of any Cash Collateral or other proceeds resulting therefrom, except as permitted by this Interim Order, the DIP Loan Documents, and in accordance with the Approved Budget (subject only to Permitted Variances), as applicable.

13. **Adequate Protection for Prepetition Secured Noteholder.** As adequate protection solely to the extent of any Diminution of the Prepetition Secured Noteholder's asserted interest in the Prepetition Collateral resulting from the subordination of the Prepetition Secured Noteholder Subordinated Liens to the DIP Liens and the Carve Out, the Prepetition Secured Noteholder shall receive the following ("**Adequate Protection Obligations**"), *provided, however*, that such Adequate Protection Obligations shall be subject to the same validity, priority, and extent as any Prepetition Secured Noteholder Liens or claims asserted by the Prepetition Secured Noteholder, *provided, further, however*, that the Adequate Protection Obligations shall be subject to the Challenge period in paragraph 31 of this Interim Order.

a. **Adequate Protection Liens.** Continuing valid, binding, enforceable, and perfected postpetition replacement liens pursuant to sections 361, 363(e), and 364(d)(1) of the Bankruptcy Code on the DIP Collateral, which shall be subject and subordinated only to the Carve Out, the DIP Liens, and Permitted Prior Liens (the "**Adequate Protection Liens**") and which (a) shall otherwise be senior to all other security interests in, liens on, or claims against the DIP Collateral, and (b) shall not otherwise be made subject to or *pari passu* with any lien or security interest heretofore or hereinafter granted in the Chapter 11 Case or any Successor Case and shall



be valid and enforceable against any trustee appointed in the Chapter 11 Case or any Successor Case, and shall not be subject to sections 510, 549 or 550 of the Bankruptcy Code.

b. **Adequate Protection Superpriority Claim.** Administrative superpriority expense claims in the Chapter 11 Case (the “**Adequate Protection Superpriority Claims**”), junior and subordinate only to the Carve Out and the DIP Superpriority Claims, pursuant to section 507(b) otherwise with priority over any and all other administrative expenses and unsecured claims against the Debtor or its estate, now existing or hereafter arising, of any kind or nature whatsoever as to and to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code. The Prepetition Secured Noteholder shall not receive or retain any payments, property or other amounts in respect of the Adequate Protection Superpriority Claims unless and until the DIP Obligations have indefeasibly been paid in cash in full and all commitments to extend credit under the DIP Facility and Prepetition Loan Documents have been terminated.

14. **Amendments of the DIP Loan Documents.** The Debtor and the DIP Lender may enter into one or more amendments, waivers, consents, or other modifications to and under the DIP Loan Documents, in each case in accordance with the terms of the applicable DIP Loan Documents and in such form as the Debtor and the DIP Lender agree and no further approval of this Court shall be required for any amendment, waiver, consent, or other modification to and under the DIP Loan Documents (and any fees paid in connection therewith) that does not materially and adversely affect any of the Debtor or which does not (i) shorten the maturity of the DIP Facility, (ii) increase the principal amount of, the rate of interest on, or the fees payable in connection with the DIP Facility, or (iii) change any Event of Default (as defined in the DIP Loan Documents), add any covenants, or amend the covenants in each case to be materially more restrictive (any such amendment, a “**Non-Material Amendment**”); *provided, however*, notice of

any such Non-Material Amendment shall be provided by the Debtor to the U.S. Trustee and the Creditors' Committee (if any) seven days in advance of its effectiveness, to the extent reasonably practicable. The U.S. Trustee and the Creditors' Committee (if any) shall each retain the right to object to any such Non-Material Amendment on the grounds that the proposed amendment is material and should be subject to the notice procedures with respect to material amendments. No consent to any such amendment, waiver, consent, or modification set forth in this paragraph shall be implied by any action, inaction, or acquiescence of the DIP Lender. After obtaining the DIP Lender's prior written consent, the Debtor are authorized and empowered, without further notice and hearing or approval of this Court, to amend, modify, supplement, or waive any provision of the DIP Loan Documents to reflect a Non-Material Amendment in accordance with the provisions thereof. Any material amendment of the DIP Loan Documents shall be subject to approval by the DIP Lender and this Court upon notice and a hearing.

15. **DIP Budget and DIP Facility Reporting.** Except as otherwise provided herein or approved by the DIP Lender, the proceeds from the DIP Facility shall be used only in compliance with the terms of the DIP Term Sheet (and/or the DIP Loan Documents) and the Approved Budget (subject only to Permitted Variances). The Debtor shall comply with the reporting requirements and obligations set forth in the DIP Term Sheet (and/or the DIP Loan Documents).

16. **Perfection of DIP Liens and Adequate Protection Liens.** This Interim Order shall be sufficient and conclusive evidence of the creation, validity, perfection, and priority of all liens granted herein, including the DIP Liens and the Adequate Protection Liens, without the necessity of filing or recording any financing statement, mortgage, deed of trust, notice, or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into

any deposit account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP Liens and the Adequate Protection Liens or to entitle the DIP Lender and the Prepetition Secured Noteholder to the priorities granted herein. Notwithstanding the foregoing, the DIP Lender and the Prepetition Secured Noteholder are authorized, but not required, to file, as each deems necessary or advisable, such financing statements, security agreements, mortgages, notices of liens and other similar documents to perfect in accordance with applicable non-bankruptcy law or to otherwise evidence the DIP Liens and the Adequate Protection Liens, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date; provided, however, that no such filing or recordation shall be necessary or required in order to create or perfect the DIP Liens or the Adequate Protection Liens. The DIP Lender and the Prepetition Secured Noteholder may each, in its discretion, file an electronic copy or photocopy of this Interim Order as a financing statement with any filing or recording office or with any registry of deeds or similar office in addition to or in lieu of such financing statements, notices of lien or similar instruments. To the extent that the Prepetition Secured Noteholder is, with respect to the DIP Collateral, the secured party under any security agreement, mortgage, leasehold mortgage, landlord waiver, credit card processor notices or agreements, bailee letters, custom broker agreements, financing statement, account control agreements or any other Prepetition Loan Documents or is listed as loss payee, lenders' loss payee or additional insured under any of a Debtor's insurance policies, the DIP Lender shall also be deemed to be the secured party or mortgagee, as applicable, under such documents or to be the loss payee or additional insured, as applicable.

17. **Modification of Automatic Stay.** The automatic stay of section 362 of the Bankruptcy Code is hereby modified and vacated to the extent necessary to permit the Debtor, the

DIP Lender and/or the Prepetition Secured Noteholder to accomplish the transactions contemplated by this Interim Order.

18. **Proceeds of Subsequent Financing.** If any of the Debtor, any trustee, any examiner, or any responsible officer subsequently appointed in any of the Chapter 11 Case or any Successor Case, shall obtain credit or incur debt pursuant to sections 364(b), 364(c), or 364(d) of the Bankruptcy Code in violation of the DIP Loan Documents at any time prior to the indefeasible repayment in full in cash of all DIP Obligations (other than unasserted contingent obligations that expressly survive termination of the DIP Loan Documents) and the termination of the DIP Lender's obligation to extend credit under the DIP Facility, then, after satisfaction of the Carve Out, and unless otherwise agreed by the DIP Lender, all cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Lender to be distributed in accordance with this Interim Order and the DIP Loan Documents.

19. **Payments Held in Trust.** Except as expressly permitted in this Interim Order or the DIP Loan Documents or otherwise ordered by this Court, including in respect of the Carve Out, in the event that any person or entity receives any payment on account of a security interest in the DIP Collateral or receives any DIP Collateral or any proceeds of DIP Collateral prior to indefeasible payment in full in cash of all DIP Obligations under the DIP Loan Documents, and termination of the DIP Facility in accordance with the DIP Credit Agreement, such person or entity shall be deemed to have received, and shall hold, any such payment or proceeds of DIP Collateral and shall immediately turn over such proceeds to the DIP Lender, for application in accordance with the DIP Credit Agreement and this Interim Order.

20. **Maintenance of DIP Collateral.** Until the payment in full of the DIP Obligations, the Debtor shall insure the DIP Collateral as required under the DIP Loan Documents or the Prepetition Loan Documents, as applicable.

21. **Right to Credit Bid.** Subject to section 363(k) of the Bankruptcy Code, the DIP Lender may credit bid all or any portion of its claims, including, without limitation, the DIP Obligations and the DIP Superpriority Claim, in connection with any proposed sale of any, all, or substantially all of the Debtor's assets, whether occurring pursuant to section 363 of the Bankruptcy Code or included as part of a reorganization plan under section 1123 of the Bankruptcy Code, including a plan subject to confirmation under section 1129(b)(2)(A)(ii) of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtor under section 725 of the Bankruptcy Code. In connection with any such credit bid by the DIP Lender, the Debtor shall, upon reasonable advance notice by the DIP Lender, provide for the assignment of such DIP Lender's right to purchase the acquired assets to one or more of the DIP Lender's sub-agents or a newly formed acquisition vehicle.

22. **DIP Termination Event; Exercise of Remedies.**

(a) **DIP Termination Events.** An "Event of Default" shall exist upon the occurrence of any of the events listed in Section 27 of the DIP Term Sheet that triggers the DIP Termination Date (as defined in the DIP Term Sheet).

(b) **Exercise of Remedies.** Upon the occurrence of a DIP Termination Event, subject to the Waiting Period, without further notice to, hearing of, application to, or order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and modified to the extent necessary to permit the DIP Lender to take any of the following actions, at the same or different time: (i) deliver a written notice (which may be via electronic mail) to

counsel for the Debtor, the U.S. Trustee, and counsel for the Creditors Committee, if any, (the “**Remedies Notice**”) declaring the occurrence of a DIP Termination Event (such date, the “**DIP Termination Declaration Date**”) and/or deliver a Carve Out Trigger Notice (as defined and in the manner described below), (ii) declare the termination, reduction or restriction of the commitments under the DIP Facility (to the extent any such commitment remains), (iii) declare all DIP Obligations to be immediately due and payable, without presentment, demand or protest or other notice of any kind, all of which are expressly waived by the Debtor, (iv) declare the termination, restriction or reduction of the DIP Facility and the Term Sheet (and/or the DIP Loan Documents) as to any further liability or obligation thereunder, but without affecting the DIP Liens, the DIP Superpriority Claims, or the DIP Obligations, (v) charge default interest at the default rate set forth in the DIP Term Sheet, and (vi) declare the termination, restriction, or revocation of the ability of the Debtor to use Cash Collateral.

(c) **Waiting Period Procedures.** The Debtor may seek an emergency hearing during the period beginning on the DIP Termination Date and prior to the expiration of the five (5) days following the DIP Termination Date (such period, the “**Waiting Period**”). During the Waiting Period, the Debtor shall continue to have the right to use DIP Collateral (including Cash Collateral) in accordance with the terms of this Interim Order, solely to pay any expenses which are necessary to (a) preserve the Debtor’s going-concern value, or (b) raise any issues to the Court; provided, however, that the professional fees and expenses of the Professional Persons (as defined below) shall be governed by Paragraph 24 and subject to the Approved Budget. The DIP Lender shall not (x) object to any motion filed by the Debtor during the Waiting Period seeking an expedited hearing with respect to the Remedies Notice or (y) seek to reduce such Waiting Period.

(d) **Rights and Remedies Following Termination Date.** Following a DIP Termination Date and unless this Court has entered an order prior to the expiration of the Waiting Period, the DIP Lender shall be entitled to exercise all rights and remedies in accordance with the DIP Term Sheet (and/or the DIP Loan Documents), this Interim Order, and applicable law and the automatic stay of section 362 of the Bankruptcy Code shall automatically, without further order, be lifted, to allow the DIP Lender to pursue all rights and remedies in accordance with the Term Sheet (and/or the DIP Loan Documents), this Interim Order, and applicable law; *provided, however*, that if an emergency hearing is requested before the end of the Waiting Period but is scheduled for a later date by this Court, then the Waiting Period shall be automatically extended until this Court issues an order or ruling with respect thereto.

23. **No Waiver by Failure to Seek Relief.** The rights and remedies of the DIP Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender may have under this Interim Order, the DIP Term Sheet (and/or the DIP Loan Documents), applicable law, or otherwise. The failure or delay on the part of the DIP Lender to seek relief or otherwise exercise its rights and remedies under this Interim Order, the DIP Term Sheet (and/or the DIP Loan Documents), or applicable law, as the case may be, shall not constitute a waiver of any of its respective rights hereunder, thereunder, or otherwise. Except as expressly set forth herein, none of the rights or remedies of the DIP Lender under this Interim Order or the DIP Term Sheet (and/or the DIP Loan Documents) shall be deemed to have been amended, modified, suspended, or waived unless such amendment, modification, suspension, or waiver is express, in writing and signed by the DIP Lender. No consents required hereunder by the DIP Lender shall be implied by any inaction or acquiescence by the DIP Lender.

24. **Carve Out.**

(a) **Priority of Carve Out.** The DIP Liens and the DIP Superpriority Claims shall be subject and subordinate to payment of the Carve Out. The Carve Out shall be senior to all claims and liens over the Professional Fee Reserve and, all assets of the Debtor in an amount not in excess of the Post-Carve Out Trigger Notice Cap, including any DIP Collateral, as set forth in this Interim Order.

(b) **Carve Out.** The term “Carve Out” shall mean the sum of (i) all fees required to be paid to the Clerk of this Court and to the U.S. Trustee under 28 U.S.C. § 1930(a), together with any interest thereon pursuant to 31 U.S.C. § 3717 (“**Statutory Fees**”), which shall not be subject to any Approved Budget; (ii) Court-allowed fees and expenses of a trustee appointed under section 726(b) of the Bankruptcy Code in an amount not to exceed \$25,000; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the “**Allowed Professional Fees**”) incurred by persons or firms retained by the Debtor pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the “**Debtor Professionals**”), or any Creditors’ Committee(s), pursuant to sections 328 or 1103 of the Bankruptcy Code (the “**Committee Professionals**,” together with the Debtor Professionals, the “**Professional Persons**”), at any time before or on the first business day following delivery by the DIP Lender of a Carve Out Trigger Notice (as defined below), whether allowed by this Court prior to or after delivery of a Carve Out Trigger Notice (the “**Pre-Trigger Date Fees**”), subject to and not to exceed the Approved Budget and any limits by this Interim Order, provided that Professional Persons may carry forward budgeted but unused disbursements set forth in the Approved Budget for any week for use in any subsequent week; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$125,000 incurred after the



first calendar day following delivery by the DIP Lender of the Carve Out Trigger Notice (the “**Trigger Date**”), to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the “**Post-Carve Out Trigger Notice Cap**” and together with the Pre-Trigger Date Fees, the “**Carve Out Cap**”); *provided, however*, that nothing herein shall be construed to impair the ability of the DIP Lender to object to the fees, expenses, reimbursement, or compensation described in clauses (iii) or (iv) above, on any grounds.

(c) For purposes of the foregoing, “**Carve Out Trigger Notice**” shall mean a written notice delivered by email (or other electronic means) by the DIP Lender or its counsel to the Debtor, its counsel, the U.S. Trustee, counsel to any Creditors’ Committee, and counsel to the Prepetition Secured Noteholder, which notice may be delivered only following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Loans, stating that the Post-Carve Out Trigger Notice Cap has been invoked. On the day on which a Carve Out Trigger Notice is received by the Debtor, the Carve Out Trigger Notice shall constitute a demand to the Debtor to transfer cash to the Professional Fee Reserve (defined below) in an amount equal to the Carve Out Cap and upon such transfer the Carve Out with respect to Allowed Professional Fees shall exclusively relate to funds in the Professional Fee Reserve.

(d) On a weekly basis, the fees of the Professional Persons provided in the Approved Budget shall be funded into an escrow account with Kurtzman Carson Consultants, LLC dba Verita Global to satisfy the professional fees included within the Carve Out (the “**Professional Fee Reserve**”). The funds on deposit in the Professional Fee Reserve shall be available to satisfy the obligations owed to the Professional Persons benefiting from the Carve Out, and the DIP Lender shall have a security interest upon the Professional Fee Reserve, which

will be available to the DIP Lender following satisfaction in cash in full of all obligations benefiting from the Carve Out. The Professional Person's right to the Carve Out shall be satisfied exclusively from the Professional Fee Reserve unless the DIP Obligations have been fully paid.

(e) **Carve Out Account.** Immediately upon the delivery of a Carve Out Trigger Notice, and prior to the payment of any DIP Obligations, the Debtor shall be required to deposit cash in an amount up to the Carve Out Cap into the Professional Fee Reserve. The Professional Fee Reserve shall be available only to satisfy amounts included in the Carve Out until such amounts are paid in full, and thereafter available to the DIP Lender. The amount in the Professional Fee Reserve shall be reduced on a dollar-for-dollar basis for amounts included in the Carve Out that are paid after the delivery of the Carve Out Trigger Notice, and the Professional Fee Reserve shall not be replenished for such amounts so paid.

(f) **Carve Out Draw.** Subject to exhaustion of the DIP Commitments, the Debtor shall be permitted to use proceeds of the DIP Facility in the amount of the Carve Out less the amounts contained in the Professional Fee Reserve, notwithstanding any default, Event of Default, or the occurrence of a Trigger Date; provided, however, the DIP Lender shall not have any obligation to fund any Carve Out shortfall beyond what it is obligated to fund under the DIP Commitments. Any Carve Out Trigger Notice shall be deemed a consent by the DIP Lender to the Debtor depositing Cash Collateral or proceeds of the DIP Facility into the Professional Fee Reserve up to amounts set forth in the Approved Budget so that the amount in the Professional Fee Reserve equals the sum of the Carve Out Cap.

(g) **Payment of Allowed Professional Fees Prior to the Trigger Date.** Any payment or reimbursement made prior to the occurrence of the Trigger Date in respect of any Allowed Professional Fees shall be made from the Professional Fee Reserve.

(h) **No Direct Obligation to Pay Professional Fees; No Waiver of Right to**

**Object to Fees.** The DIP Lender shall not be responsible for the direct payment or reimbursement of any fees or disbursements of any of the Professional Persons incurred in connection with the Chapter 11 Case or any Successor Case under any chapter of the Bankruptcy Code. Nothing in this Interim Order or otherwise shall be construed to obligate the DIP Lender in any way to pay compensation to, or to reimburse expenses of, any of the Professional Persons, or to guarantee that the Debtor or its estate has sufficient funds to pay such compensation or reimbursement. Notwithstanding any provision in this paragraph to the contrary, no portion of the Carve Out, any Cash Collateral, any DIP Collateral or any proceeds of the DIP Facility (including any disbursements set forth in the Approved Budget or obligations benefitting from the Carve Out) shall be utilized for the payment of professional fees and disbursements to the extent restricted under paragraph 24 herein. Nothing herein shall be construed as consent to the allowance of any fees and/or expenses of any Professional Persons in the Chapter 11 Case or any Successor Case, or of any other person or entity, or shall affect the right of the Debtor, the DIP Lender and the Prepetition Secured Noteholder, or any other party in interest to object to the allowance and/or payment of any such fees and expenses or amounts incurred or requested.

25. **Good Faith Under Section 364(e) of the Bankruptcy Code; No Modification or Stay of this Interim Order.** The DIP Lender has acted in good faith in connection with the DIP Facility, the DIP Loan Documents, and this Interim Order, and is entitled to rely upon the protections granted herein and by section 364(e) of the Bankruptcy Code. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, and in accordance with section 364(e) of the Bankruptcy Code, and notwithstanding any modification, amendment or vacatur of any or all of the provisions of this Interim Order by a subsequent order of this Court

or any other court, the DIP Lender is entitled to the protections provided in section 364(e) of the Bankruptcy Code.

26. **Approval of DIP Fees.** In consideration for the DIP Facility, the DIP Lender shall be paid all fees, expenses and other amounts payable under the DIP Loan Documents as such become due, including, without limitation, the Exit Fee<sup>4</sup>, and reasonable and documented fees and expenses of the DIP Lender in connection with the DIP Facility, without regard to whether or not the transactions contemplated hereby are consummated (all such fees, together, the “**DIP Fees**”). The DIP Fees are hereby deemed to be fully earned and payable in accordance with the terms of the DIP Loan Documents without the need for any further order of this Court. The DIP Fees shall be part of the DIP Obligations.

27. **DIP Lender’s Professionals’ Fees.** Professionals for the DIP Lender (Moore & Van Allen PLLC and Chipman Brown Cicero & Cole, LLP)) (the “**DIP Lender’s Professionals**,” and each a “**DIP Lender’s Professional**”) shall provide summary copies of its invoices (which shall not be required to contain time entries and which may be redacted or modified to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product or any other confidential information, and the provision of such invoices shall not constitute any waiver of the attorney-client privilege or of any benefits of the attorney work product doctrine) by electronic mail to counsel to the Debtor, counsel to the Creditors’ Committee (if appointed), and the U.S. Trustee. Upon the maturity of the DIP Facility, if the DIP Lender is not the successful bidder for the Debtor’s assets or the sale of the assets to the DIP Lender is not consummated, the Debtor shall promptly pay in full in cash all such invoiced

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<sup>4</sup> The Exit Fee will only be payable by the Debtor if the DIP Lender is not approved as the stalking horse for the purchase of the Debtor’s assets or the break up fee and expense reimbursement provisions of the Debtor’s bidding procedures motion have been otherwise denied.

fees and expenses at the conclusion of the Review Period (as defined below) other than the Disputed Invoiced Fees (as defined below). Any objections raised by the Debtor, the U.S. Trustee or the Creditors' Committee (if appointed) with respect to such invoices (the “**Disputed Invoiced Fees**”) must be in writing and state with particularity the grounds therefor and must be submitted to the applicable professional within ten (10) days of the receipt of such invoice (the “**Review Period**”) (to be followed by the filing with this Court, if necessary, of a motion or other pleading, with at least ten (10) days' prior written notice by the submitting party of any hearing on such motion or other pleading). The U.S. Trustee reserves the rights to seek copies of invoices containing the detailed time entries of any professional and to seek to obtain unredacted copies of any invoices. No DIP Lender's Professionals shall be required to file an application seeking compensation for services or reimbursement of expenses with this Court. Any and all fees, costs, and expenses paid prior to the Petition Date by the Debtor to the DIP Lender in connection with the DIP Facility (including payment to the DIP Lender's Professionals and funding retainers) are hereby approved in full. For the avoidance of doubt, if the DIP Lender is the successful bidder for the Debtor's assets, then any amounts payable in respect of these obligations will be credit bid by the DIP Lender as part of the purchase price for the assets.

28. **Indemnification.** The DIP Lender (and its affiliates and respective officers, directors, employees, advisors, and agents, solely in such capacity) (each such person, an “**Indemnatee**”) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of the relevant indemnified person (or any of its

affiliates or any of its or its respective officers, directors, employees, advisors or agents). Such indemnity shall not be available (a) to the extent arising from a material breach of any obligation of such Indemnatee under the DIP Loan Documents or (b) to the extent arising out of any loss, claim, damage, liability or expense that does not involve an act or omission of the Debtor and that is brought by an Indemnatee against another Indemnatee (other than claims against an Indemnatee in its capacity or in fulfilling its role as DIP Lender or any similar role under the DIP Loan Documents). Notwithstanding the foregoing, the Debtor shall not indemnify any Indemnatee for (a) any costs, expenses, losses, claims, damages, or liabilities incurred in connection with a successful Challenge brought in accordance with paragraph 31 hereof or (b) any actions that any Indemnatee takes in the exercise of its remedies under this Interim Order or the DIP Loan Documents, *provided that* such Indemnatee's rights under applicable non-bankruptcy law are preserved.

29. **Proofs of Claim.** The DIP Lender and the Prepetition Secured Noteholder shall not be required to file a proof of claim in the Chapter 11 Case or Successor Case, and the entry of this Interim Order shall be deemed to constitute a timely filed proof of claim. Any order entered by this Court in relation to the establishment of a bar date for any claim (including without limitation, administrative claims) in the Chapter 11 Case or Successor Case shall not apply to the DIP Lender and the Prepetition Secured Noteholder. Notwithstanding the foregoing, the DIP Lender, or the Prepetition Secured Noteholder, as applicable, may, in its sole discretion, but is not required to, file (and amend and/or supplement, as it sees fit) a proof of claim and/or aggregate proofs of claim in the Chapter 11 Case for any claim allowed herein.

30. **Limitations on Use of DIP Proceeds, Cash Collateral, the Carve Out and Other Funds.** Except as otherwise permitted in this Interim Order and the Approved Budget, the DIP

Facility, the DIP Collateral, the Prepetition Collateral, the Cash Collateral, and the Carve Out may not be used, directly or indirectly, by any of the Debtor, the Creditors' Committee, if any, or any trustee or other estate representative appointed in the Chapter 11 Case (or any Successor Case) or any other person or entity (or to pay any professional fees, disbursements, costs or expenses incurred in connection therewith) in connection with (a) preventing, hindering, or delaying any of the DIP Lender and/or Prepetition Secured Noteholder's enforcement or realization upon any of the DIP Collateral or Prepetition Collateral; (b) using or seeking to use Cash Collateral without the permission of the DIP Lender, and the Prepetition Secured Noteholder or selling or otherwise disposing of DIP Collateral without the consent of the DIP Lender or as permitted by the DIP Loan Documents; (c) using or seeking to use any insurance proceeds constituting DIP Collateral without the consent of the DIP Lender or the Prepetition Secured Noteholder; (e) seeking to amend or modify any of the rights granted to the DIP Lender or the Prepetition Secured Noteholder under this Interim Order, the DIP Loan Documents, or the Prepetition Loan Documents, including seeking to use Cash Collateral and/or DIP Collateral on a contested basis; (f) litigating, objecting to, challenging or contesting in any manner in any way the DIP Liens, DIP Obligations, DIP Superpriority Claims, the Prepetition Secured Obligations, the Prepetition Liens, DIP Collateral (including Cash Collateral) or, as the case may be, the Prepetition Collateral, or any other claims held by or on behalf of any of the DIP Lender or the Prepetition Secured Noteholder, respectively; (g) asserting, commencing or prosecuting any claims or causes of action whatsoever, including, without limitation, Avoidance Actions or applicable state law equivalents or actions to recover or disgorge payments, against any of the DIP Lender, Prepetition Secured Noteholder, or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees; (h) litigating, objecting to, challenging, or contesting in any manner, or raising any defenses to,

the validity, extent, amount, perfection, priority, or enforceability of any of the DIP Obligations, the DIP Liens, the Prepetition Secured Obligations, the Prepetition Secured Noteholder Liens, or any other liens or interests of any of the DIP Lender, or the Prepetition Secured Noteholder; or (i) seeking to subordinate, recharacterize, disallow or avoid the DIP Obligations, the Prepetition Secured Obligations; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed \$50,000 in the aggregate (the “**Investigation Budget Amount**”), incurred solely by a Creditors’ Committee (if appointed) or chapter 7 or 11 trustee appointed or elected in this case, in investigating (but not prosecuting or challenging) the validity, enforceability, perfection, priority or extent of the Prepetition Liens. For the avoidance of doubt, no portion of the DIP Facility, the DIP Collateral, the Prepetition Collateral, the Cash Collateral, or the Carve Out may be used, directly or indirectly, by the Debtor or a Creditors’ Committee (if appointed), or any subsequent trustee, responsible person, examiner with expanded powers, any other estate representative, any creditors, or parties in interest to investigate or Challenge (as defined below) any of the Prepetition Loan Lien and Claim Matters (as defined below) as they relate to the DIP Lender.

**31. Effect of Stipulation on Third Parties.**

(a) **Generally.** The admissions, stipulations, agreements, releases, and waivers set forth in this Interim Order (collectively, the “**Prepetition Loan Lien and Claim Matters**”) are and shall be binding on the Debtor, any subsequent trustee, responsible person, examiner with expanded powers, any other estate representative, and all creditors and parties in interest and all of their successors in interest and assigns, including, without limitation, a Creditors’ Committee (if appointed), unless, and solely to the extent that, a party in interest that has sought and obtained standing and the requisite authority to commence a Challenge (as defined below) (other than the



Debtor, as to which any Challenge is irrevocably waived and relinquished) (i) has timely filed the appropriate pleadings, and timely commenced the appropriate proceeding required under the Bankruptcy Code and Bankruptcy Rules, including, without limitation, as required pursuant to Part VII of the Bankruptcy Rules (in each case subject to the limitations set forth in this paragraph 31 of this Interim Order) challenging the Prepetition Loan Lien and Claim Matters (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a “**Challenge**”) by no later than seventy-five (75) days following the entry of the Interim Order (each the “**Challenge Deadline**”), as such applicable date may be extended in writing from time to time in the sole discretion of the Prepetition Secured Noteholder, as applicable, or by this Court for good cause shown pursuant to an application filed by a party in interest prior to the expiration of the Challenge Deadline, and (ii) this Court enters judgment in favor of the plaintiff or movant in any such timely and properly commenced Challenge proceeding and any such judgment has become a final judgment that is not subject to any further review or appeal. The filing of a motion before the expiration of the Challenge Deadline seeking standing to file a Challenge, which attaches a proposed pleading commencing such Challenge, shall extend the Challenge Deadline with respect to that movant until two business days after this Court approves the standing motion, or such other time period ordered by this Court in approving the standing motion. If a chapter 11 trustee is appointed or the Chapter 11 Case is converted to a case under chapter 7 prior to the expiration of the Challenge Deadline, the chapter 11 trustee or chapter 7 trustee, as applicable, shall have until the later of (i) the expiration of the Challenge Deadline and (ii) the thirtieth (30th) day after the appointment of the chapter 11 trustee or conversion of the Chapter 11 Case to a case under chapter 7, as applicable, to commence a Challenge; *provided* that if any adversary proceeding or contested matter is timely filed and is pending on the date, if any, on which the

Chapter 11 Case is converted to chapter 7, the chapter 7 trustee may continue to prosecute such adversary proceeding or contested matter on behalf of the Debtor's estate without any further authorization or order of this Court. For the avoidance of doubt, any trustee appointed or elected in these Chapter 11 Case shall, until the expiration of the Challenge Deadline, and thereafter for the duration of any adversary proceeding or contested matter commenced pursuant to this paragraph (whether commenced by such trustee or commenced by any other party in interest on behalf of the Debtor's estate), be deemed to be a party other than the Debtor and shall not, for purposes of such adversary proceeding or contested matter, be bound by the acknowledgments, admissions, confirmations and stipulations of the Debtor in this Interim Order.

(b) **Binding Effect.** To the extent no Challenge is timely and properly commenced by the Challenge Deadline, or to the extent such proceeding does not result in a final and non-appealable judgment or order of this Court that is inconsistent with the Prepetition Loan Lien and Claim Matters, then, without further notice, motion, or application to, order of, or hearing before, this Court and without the need or requirement to file any proof of claim, the Prepetition Loan Lien and Claim Matters shall, pursuant to this Interim Order, become binding, conclusive, and final on any person, entity, or party in interest in the Chapter 11 Case, and their successors and assigns, and in any Successor Case for all purposes and shall not be subject to challenge or objection by any party in interest, including, without limitation, a trustee, responsible individual, examiner with expanded powers, or other representative of the Debtor's estate. Notwithstanding anything to the contrary herein, if any such proceeding is properly and timely commenced, the Prepetition Loan Lien and Claim Matters shall nonetheless remain binding on all other parties in interest and preclusive as provided in subparagraph (a) above except to the extent that any of such Prepetition Loan Lien and Claim Matters is expressly the subject of a

timely and properly filed Challenge, which Challenge is successful as set forth in a final, non-appealable judgment as provided in subparagraph (a) above, and only as to plaintiffs or movants that have complied with the terms hereof; *provided that* this provision shall not limit other parties in interest from benefitting from any successful Challenge of any statutory committee (if any) or chapter 7 or chapter 11 trustee. Upon a successful Challenge brought pursuant to this paragraph 31, this Court may fashion any appropriate remedy.

32. **Releases.** Subject to a timely Challenge under paragraph 31 hereof (in the case of the Prepetition Secured Noteholder) and immediately (in the case of the DIP Lender), upon entry of this Interim Order, the Debtor, on its own behalf and its estate, forever and irrevocably: (a) release, discharge, and acquit the DIP Lender and the Prepetition Secured Noteholder and each of their respective former or current officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors-in-interest, in each case solely in their capacity as such, of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every type, including, without limitation, any so-called “lender liability” or equitable subordination claims or defenses, solely with respect to or relating to the negotiation of and entry into the DIP Loan Documents; and (b) waive, discharge and release any and all defenses (including, without limitation, offsets and counterclaims of any nature or kind) as to the validity, perfection, priority, enforceability, and avoidability of the DIP Liens, the DIP Obligations, the Prepetition Secured Obligations and the Prepetition Liens.

33. **Waivers.** Subject to entry of a Final Order granting such relief and as a further condition of the DIP Loan Documents and any obligation of the DIP Lender to make credit

extensions pursuant to the DIP Loan Documents (and the consent of the DIP Lender and Prepetition Secured Noteholder to the payment of the Carve Out to the extent provided herein):

(a) **Limitation on Charging Expenses.** No costs or expenses of administration of the Chapter 11 Case or any Successor Case shall be charged against or recovered from or against the DIP Lender or the Prepetition Secured Noteholder with respect to the DIP Collateral or Prepetition Collateral, pursuant to section 105 or section 506(c) of the Bankruptcy Code or otherwise, without the prior written consent of the DIP Lender and Prepetition Secured Noteholder, and no such consent shall be implied from any other action, inaction, or acquiescence of any or all of the DIP Lender or Prepetition Secured Noteholder.

(b) **No Marshalling.** In no event shall the DIP Lender or Prepetition Secured Noteholder be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral, DIP Obligations, Prepetition Collateral, and the Prepetition Secured Obligations, as applicable, and all proceeds shall be received and applied in accordance with this Interim Order and the DIP Loan Documents.

(c) **Section 552(b).** The Prepetition Secured Noteholder shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception thereunder shall not apply to the Prepetition Secured Noteholder with respect to the proceeds, product, offspring and profits of any of the Prepetition Collateral.

34. **No Lender Liability.** In determining to make any loan under the DIP Loan Documents or to permit the use of Cash Collateral, the DIP Lender, and the Prepetition Secured Noteholder shall not owe any fiduciary duty to the Debtor, its creditors, shareholders, or estate, and the DIP Lender shall not be deemed to be in control of the operations of the Debtor or to be acting as a “responsible person” or “owner or operator” with respect to the operation or

management of the Debtor by virtue of making the DIP Loans. Furthermore, nothing in this Interim Order shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender or the Prepetition Secured Noteholder of any liability for any claims arising from the prepetition or postpetition activities of the Debtor and its affiliates, if any (as defined in section 101(2) of the Bankruptcy Code).

35. **Limitation of Liability.** Nothing in this Interim Order, the DIP Loan Documents, the Prepetition Documents (subject to entry of a Final Order granting such relief), or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender and/or the Prepetition Secured Noteholder (subject to entry of a Final Order granting such relief) of (a) any liability for any claims arising from the prepetition (subject to entry of a Final Order granting such relief) or postpetition activities of the Debtor in the operation of its business, or in connection with its restructuring efforts or (b) any fiduciary duties to the Debtor, its creditor, shareholders, or estate. The DIP Lender and, subject to entry of a Final Order granting such relief, the Prepetition Secured Noteholder shall not, in any way or manner, be liable or responsible, by reason of entry of this Interim Order, for (i) the safekeeping of the DIP Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency, or other person and all risk of loss, damage, or destruction of the DIP Collateral shall be borne by the Debtor; *provided that* the foregoing shall not apply to actions taken in enforcing rights and remedies under this Interim Order or the DIP Loan Documents.

36. **No Third-Party Beneficiaries.** Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any Professional Persons, third-party, creditor, landlord, lessor, equity holder, or any direct, indirect, or incidental beneficiary.

37. **Insurance Proceeds and Policies.** Upon entry of this Interim Order and to the fullest extent provided by applicable law, the DIP Lender and the Prepetition Secured Noteholder shall be, and shall be deemed to be, without any further action or notice, named as additional insured and loss payee on each insurance policy maintained by the Debtor that in any way relates to the DIP Collateral or Prepetition Collateral.

38. **No Waivers or Modifications of Interim Order.** The Debtor has agreed not to, and shall not seek any modification or extension of this Interim Order without the prior written consent of the DIP Lender and no such consent shall be implied by any other action, inaction or acquiescence of the DIP Lender.

39. **Binding Effect of this Interim Order.** Immediately upon entry of this Interim Order by this Court, the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of the Debtor, the DIP Lender, the Prepetition Secured Noteholder, all other creditors of any of the Debtor, the Creditors' Committee, if any, and all other parties-in-interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Case, any Successor Case, or upon dismissal of any of the Chapter 11 Case or any Successor Case; provided, that neither the DIP Lender nor the Prepetition Secured Noteholder shall have an obligation to permit the use of DIP Collateral or Prepetition Collateral (including Cash Collateral) or to extend any financing to any chapter 7 trustee, chapter 11 trustee or similar responsible person appointed for the Debtor's estate.

40. **Discharge.** Except as otherwise agreed in writing by the DIP Lender, the DIP Obligations and the obligations of the Debtor with respect to the adequate protection provided herein to the DIP Lender shall not be discharged by the entry of an order confirming any plan of reorganization in any of the Chapter 11 Case, notwithstanding the provisions of section 1141(d) of the Bankruptcy Code, unless such obligations have been indefeasibly paid in full in cash, on or before the effective date of such confirmed plan of reorganization.

41. **Survival.** Subject to entry of a Final Order, the provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) confirming any chapter 11 plan in any of the Chapter 11 Case; (b) converting any of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code; (c) dismissing any of the Chapter 11 Case or any Successor Case; or (d) pursuant to which this Court abstains from hearing the Chapter 11 Case or Successor Case. The terms and provisions of this Interim Order, including the claims, liens, security interests and other protections granted to the DIP Lender pursuant to this Interim Order and the DIP Loan Documents, and the adequate protection provided to the Prepetition Secured Noteholder pursuant to this Interim Order, shall continue in the Chapter 11 Case, in any Successor Case, or following dismissal of any of the Chapter 11 Case or any Successor Case, and shall maintain their priority as provided by this Interim Order until, in respect of the DIP Facility, all the DIP Obligations, pursuant to the DIP Loan Documents and this Interim Order, have been paid in full (such payment being without prejudice to any terms or provisions contained in the DIP Facility which survive such discharge by their terms). The terms and provisions concerning the indemnification of the DIP Lender shall continue in the Chapter 11 Case, in any Successor Case, following dismissal of any of the Chapter 11 Case or any Successor Case, following termination of the DIP Facility and/or the indefeasible repayment of the DIP Obligations.

42. **Necessary Actions.** The Debtor is authorized to take any and all such necessary actions as are reasonable and appropriate to implement the terms of this Interim Order.

43. **Enforceability.** This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable immediately upon entry thereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9014 of the Bankruptcy Rules, any applicable Local Rules, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order.

44. **Rights Reserved.** Notwithstanding anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) the rights of the DIP Lender to seek any other or supplemental relief in respect of the Debtor; (b) the rights of the DIP Lender under the DIP Loan Documents, or the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code, (ii) request dismissal of any of the Chapter 11 Case, conversion of any of the Chapter 11 Case to a case under chapter 7, or appointment of a chapter 11 trustee or examiner with expanded powers, or (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan; or (c) any other rights, claims, or privileges (whether legal, equitable or otherwise) of the DIP Lender.

45. **Interim Order Controls.** In the event of any conflict or inconsistency between or among the terms or provisions of this Interim Order, any of the DIP Loan Documents, unless such term or provision in this Interim Order is phrased in terms of “defined in” or “as set forth in” the DIP Loan Documents, the terms and provisions of this Interim Order shall govern and control.



46. **Headings.** All paragraph headings used in this Interim Order are for ease of reference only and are not to affect the construction hereof or to be taken into consideration in the interpretation hereof.

47. **Final Hearing.** The Final Hearing is scheduled for **January 22, 2026 at 10:30 a.m. (prevailing Eastern Time)**, at which time any party in interest may present any timely filed objections to the entry of the Proposed Final Order. The Debtor shall promptly serve a copy of this Interim Order and a notice of the Final Hearing by regular mail upon (a) the parties that were provided notice of the Interim Hearing; (b) any party that has filed prior to such date a request for notices with this Court; and (c) counsel for the Creditors' Committee, if any appointed. Such notice shall state that objections to the entry of the Proposed Final Order shall be in writing and shall be filed with this Court no later than **January 15, 2026 at 4:00 p.m. (prevailing Eastern Time)**, which objections shall be served so as to be received on or before such date by (i) proposed counsel to the Debtor, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Michael R. Nestor (mnestor@ycst.com), Kara Hammond Coyle (kcoyle@ycst.com), Elizabeth S. Justison (ejustison@ycst.com), S. Alexander Faris (afaris@ycst.com), and Andrew M. Lee (alee@ycst.com); (ii) counsel to the DIP Lender, (a) Moore & Van Allen PLLC, 100 N. Tryon Street, Suite 4700, Charlotte, North Carolina 28202, Attn: James R. Langdon (jimlangdon@mvalaw.com), and (b) Chipman Brown Cicero & Cole, LLP, Hercules Plaza, 1313 N. Market Street, Suite 5400, Wilmington, Delaware 19801, Attn: William Chipman (chipman@chipmanbrown.com); and (iii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801, Attn: Benjamin A. Hackman (Benjamin.A.Hackman@usdoj.gov).

48. **Retention of Jurisdiction.** This Court shall retain jurisdiction to hear, determine and, if applicable, enforce the terms of, any and all matters arising from or related to the DIP Loan Documents and/or this Interim Order.

**EXHIBIT 1**

**DIP Term Sheet**

December 29, 2025

**Food52, Inc.**  
**\$3,420,000**  
**Debtor-in-Possession Term Loan Facility**  
**Summary of Terms and Conditions**

This term sheet (together with the exhibits and schedules hereto, the “Term Sheet”) sets forth a summary of the terms and conditions with respect to the DIP Facility (as defined below) from and after, and subject to, the entry of the Interim Order (as defined below). This Term Sheet shall be a binding agreement from and after, and subject to, the entry of the Interim Order with respect to the DIP Loans (as defined below) but does not purport to summarize all of the terms, conditions, representations and other provisions with respect to the DIP Facility, which will be set forth in the DIP Documents (as defined below). The obligation of the DIP Lender (as defined below) to provide financing pursuant to this Term Sheet is conditioned upon the execution and delivery of signature pages to this Term Sheet by each of the parties hereto and shall be subject to the conditions precedent and other terms and conditions set forth herein. In the event of any conflict between this Term Sheet and the terms of the Interim Order or the Final Order (as defined below), the terms of the Interim Order or the Final Order (as applicable) shall govern.

1.	<b><i>Borrower:</i></b>	<ul style="list-style-type: none"> <li>Food52, Inc. (“<b>Borrower</b>”). The Borrower is expected to be a debtor and debtor-in-possession in the anticipated chapter 11 case (the “<b>Chapter 11 Case</b>” (Borrower shall be referred to herein under the Chapter 11 Case, as “<b>Debtor</b>”) under chapter 11 of title 11 of the United States Bankruptcy Code (the “<b>Bankruptcy Code</b>”) to be commenced in the United States Bankruptcy Court for the District of Delaware (the “<b>Bankruptcy Court</b>”) on or around December 29, 2025 (the “<b>Petition Date</b>”).</li> </ul>
2.	<b><i>DIP Lender:</i></b>	<ul style="list-style-type: none"> <li>F52, LLC and/or its affiliates, designees or its assignees.</li> </ul>
3.	<b><i>Type and Amount of the DIP Facility:</i></b>	<ul style="list-style-type: none"> <li>A non-amortizing, priming, super-priority senior secured term loan facility in an aggregate principal amount not to exceed \$3,420,000 consisting of up to \$3,420,000 in term loan commitments (the “<b>DIP Facility</b>”; the definitive documentation evidencing the DIP Facility, the “<b>DIP Documents</b>”; the DIP Lender’s commitments under the DIP Facility, the “<b>DIP Commitments</b>”; and the loans under the DIP Facility, the “<b>DIP Loans</b>”).</li> <li>The DIP Commitments shall consist of \$3.42 million in respect of new money funding.</li> <li>The borrowing of DIP Loans shall permanently decrease the DIP Commitments, and DIP Loans repaid may not be reborrowed.</li> <li>Initial net proceeds of the DIP Loan shall be funded in accordance with a funds flow.</li> </ul>

		<ul style="list-style-type: none"> <li>Subsequent DIP Loan proceeds shall be funded into Borrower's DIP Bank Account maintained at Silicon Valley Bank (with an account number ending in 4610) and the Borrower shall obtain a satisfactory control agreement in favor of the DIP Lender to be entered into within 15 business days of the entry of the Final Order, subject to a 15 business day cure period if the Borrower is using commercially reasonable efforts to obtain a satisfactory control agreement; <u>provided</u> that the Carve-Out shall be funded as described below.</li> </ul>
4.	<b><i>Initial Availability:</i></b>	<ul style="list-style-type: none"> <li>Upon the Bankruptcy Court's entry of the Interim Order, and satisfaction of all applicable conditions precedent described in Section 16 herein, the DIP Lender shall make available an aggregate amount of \$1.92 million of the DIP Loans and the Borrower shall be entitled to make a draw of the DIP Loans as described in Section 6 below immediately upon entry of the Interim Order (the "<b>First Draw</b>", the date of such first First Draw shall be referred to herein as the "<b>Closing Date</b>"). The closing of definitive DIP Documents shall occur as soon after the First Draw as reasonably possible but in any event no later than two (2) business days prior to the hearing to consider entry of the Final Order.</li> </ul>
5.	<b><i>Full Availability:</i></b>	<ul style="list-style-type: none"> <li>Upon (i) the Bankruptcy Court's entry of the Final Order (as defined below) and (ii) the satisfaction of all applicable conditions precedent described in Section 17 herein, the remaining amount of the DIP Facility totaling an additional \$1.5 million shall be available to the Debtor, subject to compliance with the terms, conditions, and covenants described in the DIP Documents, in an additional draw in accordance with Section 6 below (the "<b>Second Draw</b>," and together with the First Draw, each a "<b>Draw</b>" and together, the "<b>Draws</b>").</li> </ul>
6.	<b><i>Draws:</i></b>	<ul style="list-style-type: none"> <li>Subject to satisfaction of the conditions precedent to the First Draw or Second Draw, as applicable, and availability under the DIP Commitments, the Borrower shall be entitled to make Draws of the DIP Loans in accordance with the Budget (as defined below).</li> <li>Each Draw shall be made (in an aggregate minimum amount of \$100,000 (and multiples thereof)) upon two (2) business days' written notice, up to the aggregate amount of the undrawn DIP Commitments at any time prior to three (3) business days before the DIP Termination Date (as defined below); <u>provided</u> that the First Draw shall be in the amount of \$1.92 million (in respect of new money funding) and deemed requested in accordance with the terms of this Term Sheet, and funded within two (2) business days following the entry of the Interim Order and shall not require any further advance written notice but shall require a customary notice of borrowing. Subject to entry of the Final Order (defined below), the Second Draw shall be funded no later than January 23, 2026.</li> </ul>

7.	<b><i>Maturity and Termination:</i></b>	<ul style="list-style-type: none"> <li>• All DIP Obligations shall be due and payable in full in cash (“<b>Payment in Full</b>”<sup>1</sup> or such other form of consideration as the DIP Lender and the Borrower may mutually agree) on the earliest of:               <ol style="list-style-type: none"> <li>February 28, 2026 (the “<b>Maturity Date</b>”);</li> <li>the effective date of any chapter 11 plan of reorganization with respect to the Borrower (a “<b>Plan</b>”);</li> <li>the consummation of any sale or other disposition of all or substantially all of the assets of the Borrower pursuant to section 363 of the Bankruptcy Code;</li> <li>the date of the acceleration of the DIP Loans and the termination of the DIP Commitments following the occurrence and during the continuation of an Event of Default in accordance with the DIP Documents;</li> <li>dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case into a case under chapter 7 of the Bankruptcy Code; and</li> <li>25 days after the Petition Date (or such later date as agreed to by the DIP Lender), unless the Final Order has been entered by the Bankruptcy Court on or prior to such date (such earliest date, the “<b>DIP Termination Date</b>”).</li> </ol> </li> <li>• The occurrence of the DIP Termination Date shall terminate the ability of the Borrower to borrow the Draws and shall terminate any further obligation the DIP Lender has to make any DIP Loans under the DIP Documents.</li> <li>• For the avoidance of doubt, any of the above conditions from (i) through (vi) automatically triggers the Maturity Date.</li> </ul>
8.	<b><i>Interest Rate:</i></b>	<ul style="list-style-type: none"> <li>• The DIP Loans shall bear interest at a per annum rate equal to 15% payable in kind (the “<b>Non-Default Interest</b>”).</li> <li>• Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default (as defined below), the DIP Loans shall bear interest at an additional per annum rate of 5%, in each case payable in kind, together with the Non-Default Interest, on the first day of each month in arrears.</li> <li>• If the DIP Lender is the successful bidder for the assets of the Debtor and the successful bid is consummated, then any amounts payable in respect of these obligations will constitute part of the credit bid component of the purchase price for the assets.</li> </ul>
9.	<b><i>Exit Fee:</i></b>	<ul style="list-style-type: none"> <li>• The DIP Lender shall be entitled to payment of an exit fee the (“<b>Exit Fee</b>”) of six percent (6%) of the DIP Commitments, which amount shall</li> </ul>

<sup>1</sup>For purposes hereof, the term “**Payment in Full**” means, with respect to the DIP Obligations, the irrevocable and indefeasible payment in full in cash of all DIP Obligations, other than contingent indemnification and expense reimbursement obligations for which no claim or demand has been asserted, and all commitments thereunder shall have irrevocably, permanently and finally expired or shall have been terminated, cancelled and discharged.

		<p>be fully earned and due and payable when the DIP Obligations are paid in full, provided that the Exit Fee shall only be payable if the DIP Lender is not approved as the stalking horse purchaser for the purchase of the Debtor's assets as contemplated by the sale motion and bidding procedures to be filed in the Bankruptcy Case.</p>
10.	<i><b>Use of Proceeds:</b></i>	<ul style="list-style-type: none"> <li>• The proceeds of the DIP Facility shall be used only for the disbursements forecasted as per the agreed upon Budget, which include the following: <ul style="list-style-type: none"> <li>i. working capital and other general corporate purposes of the Borrower (with 15% permitted variances for expenditures measured in total (<i>i.e.</i>, the Total Operating Disbursements line in the cash flow forecast) and not by line item (the “<b>Permitted Variances</b>”));</li> <li>ii. professional fees and expenses of administering the Chapter 11 Case (including payment of fees incurred prior to the Closing Date and funding the Professional Fee Reserve, which shall solely be funded in accordance with the Budget and shall not have a permitted variance, except that if the Debtor does not have sufficient funding to fund the Professional Fee Reserve in any given week, such funding may be made subsequently even if it exceeds the professional fee line item for that subsequent week) in accordance with the Bankruptcy Code and any orders of the Bankruptcy Court, as applicable; and</li> <li>iii. fees and expenses payable under the DIP Facility, including, without limitation, the legal expenses of the DIP Lender (including fees incurred prior to the Closing Date).</li> </ul> </li> <li>• “Carve-Out” means an amount equal to the sum of the following: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under 28 U.S.C. § 1930(a) plus interest pursuant to 31 U.S.C. § 3717 (without regard to the notice set forth in clause (ii) below); (ii) to the extent allowed by the Bankruptcy Court at any time, whether by interim order, final order, or otherwise, all accrued and unpaid fees, disbursements, costs and expenses incurred by persons or firms retained by the Debtor pursuant to section 327, 328 or 363 of the Bankruptcy Code (the “<b>Debtor Professionals</b>”) and all accrued unpaid fees, disbursements, costs and expenses incurred by the Committee (if any) pursuant to section 328 and 1103 of the Bankruptcy Code (the “<b>Committee Professionals</b>,” together with the Debtor Professionals, the “<b>Estate Professionals</b>,” and such Estate Professional fees in each case in accordance with, and subject to, the Budget, the “<b>Allowed Professional Fees</b>”) at any time before or on the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice (as defined below), whether allowed by the Bankruptcy Court prior to or after delivery of a Carve-Out Trigger Notice; and (iii) Allowed Professional Fees of Estate Professionals in an aggregate amount not to exceed \$125,000 incurred after the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice, to the extent allowed</li> </ul>

		<p>at any time, whether by interim order, final order, or otherwise (the amounts set forth in this clause (iii), the “<b>Post-Carve Out Trigger Notice Cap</b>”). For purposes of the foregoing, “<b>Carve-Out Trigger Notice</b>” shall mean a written notice (which may be delivered by e-mail (or other electronic means)) by the DIP Lender to the Debtor and their counsel, the United States Trustee, and lead counsel to any Committee appointed in the Chapter 11 Case, which notice may be delivered following the occurrence of an Event of Default, stating that the Post-Carve Out Trigger Notice Cap has been invoked.</p> <ul style="list-style-type: none"> <li>• On a weekly basis, the fees of the Estate Professionals provided in the Budget shall be funded into an escrow account with Kurtzman Carson Consultants, LLC dba Verita Global to satisfy the professional fees included within the Carve-Out (the “<b>Professional Fee Reserve</b>”). The funds on deposit in the Professional Fee Reserve shall be available to satisfy the obligations owed to the Estate Professionals benefiting from the Carve-Out, and the DIP Lender shall have a security interest upon the Professional Fee Reserve, which will be available to the DIP Lender following satisfaction in cash in full of all obligations benefiting from the Carve-Out.</li> <li>• For the avoidance of doubt and notwithstanding anything to the contrary herein, the Carve-Out shall be payable from the Professional Fee Reserve and any lien or security interest in the Professional Fee Reserve held by the DIP Lender shall be subordinate to the rights of Estate Professionals to be paid from the Professional Fee Reserve. Claims of Estate Professionals in excess of the Professional Fee Reserve shall be junior to all liens and claims in the Borrower’s other assets and the DIP Lender’s superpriority claims except to the extent of an amount equal to the Post Carve Out Trigger Notice Cap which will be senior to liens and claims securing the DIP Facility, and all other forms of adequate protection, liens, or claims securing the DIP Obligations.</li> <li>• Notwithstanding any other provision of this Term Sheet, from and after the Closing Date, no DIP Loans or DIP Collateral (as defined below), or any portion of the Carve-Out, may be used directly or indirectly by any Debtor, any official committee appointed in the Chapter 11 Case, or any trustee appointed in the Chapter 11 Case or any successor Case, including any chapter 7 case, or any other person, party or entity: <ul style="list-style-type: none"> <li>i. in connection with the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation <ul style="list-style-type: none"> <li>a. against the DIP Lender, or its respective predecessors-in-interest, agents, affiliates, representatives, attorneys, or advisors, or any action purporting to do the foregoing in respect of</li> </ul> </li> </ul> </li> </ul>
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		<p>the DIP Obligations, DIP Liens (as defined below), or DIP Claims (as defined below),</p> <p>b. challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the DIP Obligations and/or the liens, claims, rights, or security interests granted under the Orders (as defined below), the DIP Documents, including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise;</p> <p>ii. to prevent, hinder, or otherwise delay the DIP Lender's enforcement or realization on the DIP Obligations, DIP Collateral, and the liens, claims and rights granted to such parties under the Interim Order or the Final Order, as applicable, each in accordance with the DIP Documents and the Interim Order or the Final Order, as applicable; <u>provided, however</u>, this shall not apply to (x) objections to the Final Order and (y) any challenge to whether a DIP Termination Event has occurred and/or the propriety of the DIP Lender's termination and/or acceleration of the DIP Obligations or calculation of the amounts owed thereunder;</p> <p>iii. to seek to modify any of the rights and remedies granted to the DIP Lender under the Orders (other than with the consents contemplated thereunder), or the DIP Documents, as applicable; or</p> <p>iv. to apply to the Bankruptcy Court for authority to approve superpriority claims or grant liens (other than the Carve-Out and liens permitted pursuant to the DIP Documents) or security interests in the DIP Collateral or any portion thereof that are senior to, or on parity with, the DIP Liens, DIP Claims, unless permitted under the DIP Documents or unless all DIP Obligations, and claims granted to the DIP Lender under the Interim Order or the Final Order, as applicable, have been refinanced or Paid in Full in cash or otherwise agreed to in writing by the DIP Lender.</p>
11.	<b><i>Voluntary Prepayments:</i></b>	<ul style="list-style-type: none"> <li>Voluntary prepayments of the DIP Loans shall be permitted at any time, subject to accrued interest on the amount prepaid.</li> </ul>
12.	<b><i>Mandatory Prepayments</i></b>	<ul style="list-style-type: none"> <li>Upon the occurrence of (x) the sale, transfer or other disposition of any of the Assets that constitute Collateral outside of the ordinary course of the Borrower's respective businesses and/or (y) the entrance into any equity raise, any offering or private placement of any debt securities in the debt capital markets, any bank loan and/or any other debt financing (whether structured as a debt financing or equity financing, or any combination thereof) (each, a "<b>Liquidity Transaction</b>"), the Borrower's shall prepay the principal of the DIP Loans in an amount equal to one</li> </ul>

		<p>hundred percent (100%) (or such lesser portion as is necessary to repay all of the Obligations hereunder) of the net cash proceeds in respect of such sales, transfers, dispositions, or Liquidity Transaction, as applicable, to prepay (i) all accrued and unpaid interest, and (ii) all or a portion of the principal amount of the DIP Loans outstanding.</p>
13.	<b><i>Security:</i></b>	<ul style="list-style-type: none"> <li>As security for the DIP Obligations, subject to the Carve Out and Permitted Prior Liens (as defined in <b>Schedule 1</b>), Borrower shall grant to the DIP Lender a priming first lien security interest (“<b>Priming First Lien</b>”) on all of Borrower’s right, title and interest in, to and under all the Borrower’s assets, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located: all assets and property of Borrower and its estate, real or personal, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, without limitation, all fee-owned real properties, contracts, contract rights, licenses, general intangibles, instruments, equipment, accounts, documents, goods, inventory, fixtures, documents, cash, cash equivalents, accounts receivables, chattel paper, letters of credit and letter of credit rights, investment property, commercial tort claims, arbitration awards, money, insurance, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, fixtures, all interests in leaseholds and real properties, all patents, copyrights, trademarks, all trade names and other intellectual property (whether such intellectual property is registered in the United States or in any foreign jurisdiction), together with all books and records relating to the foregoing, all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (as such terms are defined in the Uniform Commercial Code as in effect from time to time in the State of New York), and, subject to the entry of a Final Order, on proceeds of actions brought under section 549 of the Bankruptcy Code to recover any postpetition transfer of DIP Collateral and proceeds of actions under sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively, the “<b>DIP Collateral</b>”).</li> <li>Negative pledge on all assets of the Borrower subject to Permitted Prior Liens (if any) to be agreed upon by the Final Order.</li> </ul>
14.	<b><i>Priority and Security:</i></b>	<ul style="list-style-type: none"> <li>Subject to the Carve-Out and Permitted Prior Liens, all obligations of the Borrower under the DIP Documents, including, without limitation, all principal, accrued interest, costs, fees and premiums provided for therein, and all obligations of the Borrower under the DIP Facility (the “<b>DIP Obligations</b>”) shall be entitled to (a) senior secured priming lien and (b) superpriority claim status pursuant to section 364(c)(1) and section 364(d)(1) of the Bankruptcy Code, with priority over any and all secured liens, administrative expense claims and unsecured claims, of any kind or nature whatsoever, now existing or hereafter arising under the Bankruptcy Code (the “<b>DIP Claims</b>”).</li> </ul>

		<ul style="list-style-type: none"> <li>Subject to the Carve-Out and the Permitted Prior Liens, all DIP Obligations in respect of the DIP Facility shall be: <ul style="list-style-type: none"> <li>i. pursuant to section 364(c)(1) of the Bankruptcy Code, entitled to superpriority claim status in the Chapter 11 Case (which claims shall be payable from and have recourse to all DIP Collateral); and</li> <li>ii. secured, pursuant to (i) section 364(c)(2) of the Bankruptcy Code, by a valid, enforceable, fully perfected and automatic first-priority lien on the DIP Collateral; and</li> <li>iii. senior secured priming first lien, pursuant to section 364(d)(1) of the Bankruptcy Code.</li> </ul> </li> <li>The liens securing the DIP Facility (the “<b>DIP Liens</b>”) shall mean the liens described above and in the priority set forth in the Interim Order and Final Order. The DIP Liens described herein shall, to the fullest extent permitted by applicable law, be effected and perfected upon entry of the Interim Order and without the necessity of the execution of mortgages, landlord agreements, security agreements, pledge agreements, control agreements, financing statements or other agreements.</li> </ul>
15.	<b>Remedies</b>	<ul style="list-style-type: none"> <li>Upon the occurrence and during the continuation of an Event of Default under the DIP Documents, all remedies customarily available in the Chapter 11 Case including, without limitation, those remedies customarily available to a senior secured, administrative expense claim of a debtor-in-possession lender, including, without limitation: <ul style="list-style-type: none"> <li>i. declare that the DIP Commitments are terminated, reduced or restricted, whereupon the DIP Commitments shall be terminated, reduced, or restricted on account of any further Draws;</li> <li>ii. declare the unpaid amount of the DIP Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;</li> <li>iii. charge interest at the default rate under the DIP Documents;</li> <li>iv. declare the termination, restriction, or revocation of the ability of the Debtor to use Cash Collateral (as defined in the Orders); or</li> <li>v. take any other action or exercise any other right or remedy (including, without limitation, with respect to the liens in favor of the DIP Lender) permitted under the DIP Documents, or by applicable law.</li> </ul> </li> </ul> <p>Any exercise of remedies by the DIP Lender shall be subject in all respects to the terms of the Orders, including a requirement that the DIP Lender provide five (5) days written notice of such Event of Default to the Borrower prior to any exercise of remedies.</p>

16.	<b><i>Conditions Precedent to Initial Draw</i></b>	<ul style="list-style-type: none"> <li>• Entry by the Borrower into an asset purchase agreement with F52, LLC for the sale of substantially all of the assets of Borrower on terms acceptable to the DIP Lender in its reasonable discretion;</li> <li>• Entry of the Interim Order within 2 business days of the Petition Date, which order shall not be stayed or subject to appeal;</li> <li>• Delivery of the Initial Budget acceptable to the DIP Lender in its reasonable discretion;</li> <li>• The representations and warranties of the Borrower under the DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a “materiality” qualifier, true and correct in all respects);</li> <li>• No Material Adverse Effect (as defined below) shall have occurred and be continuing;</li> <li>• The Debtor shall be in compliance in all respects with the Interim Order;</li> <li>• No Event of Default shall have occurred and be continuing under this Term Sheet;</li> <li>• No order has been entered reversing, amending, staying, vacating, terminating or otherwise modifying in any manner adverse to the DIP Lender the Interim Order; and</li> <li>• The Borrower shall have delivered to the DIP Lender a customary borrowing notice.</li> </ul>
17.	<b><i>Conditions Precedent to Availability of Other Draws</i></b>	<ul style="list-style-type: none"> <li>• The Bankruptcy Court shall have entered a Final Order approving the DIP Facility not later than 25 days following the Petition Date, which Final Order shall be in the form of the Interim Order with such changes as are customary for a final order or otherwise are acceptable to the DIP Lender; and</li> <li>• In addition, the DIP Documents shall contain conditions precedent as are usual and customary in loan documents for similar debtor-in-possession financings and other conditions precedent deemed by the DIP Lender appropriate to the specific transaction, including, without limitation: <ul style="list-style-type: none"> <li>i. execution and delivery of a credit agreement (the “<b>DIP Credit Agreement</b>”), and other DIP Documents evidencing and securing the DIP Facility, in each case, which shall be in form and substance substantially consistent with this Term Sheet and otherwise in form and substance acceptable to the DIP Lender and the Borrower;</li> <li>ii. delivery of any Budget subsequent to the Initial Budget, acceptable to the DIP Lender in its reasonable discretion;</li> <li>iii. no trustee, examiner, or receiver shall have been appointed or designated with respect to the Borrower’s business, properties or assets and no motion shall be pending seeking similar relief or any other relief, which, if granted, would</li> </ul> </li> </ul>

		<p>result in a person other than the Borrower exercising control over their assets;</p> <p>iv. the representations and warranties of the Borrower under the DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a “materiality” qualifier, true and correct in all respects);</p> <p>v. the Borrower shall have delivered to the DIP Lender a customary borrowing notice;</p> <p>vi. the Debtor shall be in compliance in all respects with the Final Order and the Borrower shall be in compliance in all respects with the DIP Documents;</p> <p>vii. no default or event of default shall have occurred and be continuing under the DIP Documents;</p> <p>viii. no order has been entered reversing, amending, staying, vacating, terminating or otherwise modifying in any manner adverse to the DIP Lender the Interim Order or the Final Order, as applicable;</p> <p>ix. since the Petition Date, other than the Chapter 11 Case, there shall not have occurred or there shall not exist any event, condition, circumstance or contingency that, individually, or in the aggregate, (a) has had or could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, performance or financial condition of the Borrower, (b) has resulted in, or could reasonably be expected to result in, a material adverse effect on the validity or enforceability of, or the rights, remedies or benefits available to the DIP Lender, or (c) has had or could reasonably be expected to have, a material adverse effect on the ability of the Borrower to perform their obligations under any DIP Document (each of the foregoing being a “<b>Material Adverse Effect</b>”);</p> <p>x. the Debtor shall have all insurance policies maintained by Borrower name the DIP Lender as additional insured and lender/mortgagee loss payee, as applicable (for the avoidance of doubt, if the Debtor are unable to name the DIP Lender on such policies as required hereunder, the Debtor shall cooperate with the DIP Lender in order to reach a workaround to ensure that the DIP Lender is adequately protected with respect to the relevant properties);</p> <p>xi. all costs, fees, expenses (including, without limitation, legal fees and expenses) set forth in the DIP Documents or otherwise to be paid to the DIP Lender shall have been paid when due; and</p>
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		xii. a granting to the DIP Lender of a Priming First Lien (subject to the Carve-Out and Permitted Prior Liens) for all DIP Obligations pursuant to section 364(d)(1) of the Bankruptcy Code.
18.	<b>Documentation</b>	<ul style="list-style-type: none"> <li>Definitive financing documentation (including the Orders) with respect to the DIP Loans shall be reasonably satisfactory to the DIP Lender and the Borrower's (the "<b>DIP Documents</b>"). For the avoidance of doubt, DIP Documents (other than this Term Sheet and the Interim Order) shall be documented prior to entry of the Final Order.</li> </ul>
19.	<b>Representations and Warranties:</b>	<ul style="list-style-type: none"> <li>The DIP Documents shall contain representations and warranties with respect to the Borrower as are usual and customary in loan documents for similar debtor-in-possession financings and as acceptable to the DIP Lender and Borrower, including without limitation, due organization and authorization, enforceability, financial condition, no material adverse changes, title to properties, liens, litigation, payment of taxes, compliance with laws and regulations, employee benefit liabilities, environmental liabilities, and perfection and priority of liens securing the DIP Facility.</li> <li>Borrower represents and warrants that none of its assets and properties are subject to any liens, security interests or encumbrances as of the Petition Date and no liens, security interests or encumbrances will be created on or after the Petition Date except, in each case, for liens set forth on <u>Schedule 1</u> hereto.</li> </ul>
20.	<b>Affirmative Covenants:</b>	<ul style="list-style-type: none"> <li>The DIP Documents shall contain affirmative covenants as are usual and customary with respect to the Borrower in loan documents for similar debtor-in-possession financings and as are acceptable to the DIP Lender and the Borrower, including the requirement to repay and satisfy all outstanding amounts to Avidbank with the proceeds of the First Draw, which amounts shall not exceed \$411,000.</li> </ul>
21.	<b>Negative Covenants:</b>	<ul style="list-style-type: none"> <li>The DIP Documents shall contain negative covenants with respect to the Borrower as are usual and customary in loan documents for debtor-in-possession financings and as are acceptable to the DIP Lender and the Borrower; <u>provided</u> that the DIP Documents will permit: (i) the Debtor to continue to pursue a sale process for all or substantially all of the Borrower's assets and consummate any sale or sales related thereto subject to Bankruptcy Court approval and provided that such sale or sales and/or related transactions are acceptable to the DIP Lender and the proceeds of such sale are satisfactory to pay the DIP Obligations in full, (ii) the ability to reject or modify contracts, (iii) post-petition employment arrangements subject to maximum thresholds agreed upon by the DIP Lender and the Borrower, and (iv) provide for adequate protection in accordance with the Budget and reasonably acceptable to the DIP Lender.</li> </ul>
22.	<b>DIP Budget / Variance Reporting:</b>	<ul style="list-style-type: none"> <li>The DIP Lender shall receive an extended weekly budget commencing with the week during which the Interim Order is entered, containing line items of sufficient detail to reflect the consolidated operating cash flow of the Debtor for the period from the Petition Date through a date agreed</li> </ul>



		<p>to by the Borrower and the DIP Lender (the “<b>Initial Budget</b>”) (the Initial Budget, as modified from time to time in accordance herewith, shall be the “<b>Budget</b>”).</p> <ul style="list-style-type: none"> <li>On a weekly basis after the delivery of the first Budget, the Borrower shall deliver to the DIP Lender a variance report for the four-week period ending the prior Friday comparing the difference/variance, expressed as a percentage (each, a “<b>Budget Variance</b>”), between actual net operating cash flow for such period to projected net operating cash flow for such period as set forth in the Budget on a cumulative 4 week rolling basis (each a “<b>Measuring Period</b>”) and explaining in reasonable detail all material variances. For the avoidance of doubt, net operating cash flow shall not include professional fees and restructuring charges (including trustee fees or other statutory fees) related to the Chapter 11 Case. The Budget Variance report shall be measured based on Total Operating Disbursements and not by line item.</li> </ul>
23.	<b><i>Credit Bidding</i></b>	<ul style="list-style-type: none"> <li>The DIP Lender shall have the absolute right to credit bid, in its discretion, all or any portion of the aggregate outstanding amount of DIP Obligations in connection with a sale of the Borrower pursuant to section 363 of the Bankruptcy Code.</li> </ul>
24.	<b><i>Interim Order:</i></b>	<ul style="list-style-type: none"> <li>The interim order approving the DIP Facility, which shall be in form and substance acceptable to the DIP Lender and its counsel (the “<b>Interim Order</b>”), shall, among other things, authorize and approve: <ul style="list-style-type: none"> <li>i. the Initial Draws;</li> <li>ii. the making of the DIP Loans;</li> <li>iii. the granting of the superpriority claims and liens against the Debtor and its assets in accordance with this Term Sheet and the DIP Documents with respect to the DIP Collateral;</li> <li>iv. the payment of all fees and expenses (including the fees and expenses of outside counsel and any financial advisors) required to be paid to the DIP Lender as described herein under the heading “<i>Indemnification and Reimbursement of Expenses</i>” by the Debtor;</li> <li>v. the payment of the Exit Fee set forth in Section 9 of this Term Sheet, which amount shall be fully earned and due and payable upon entry of the Interim Order, but deemed forgiven if the DIP Lender is approved as the stalking horse for the purchase of the Debtor’s assets as contemplated by the sale motion and bidding procedures; and</li> <li>v. upon entry of the Final Order, the Debtor’s waiver of (a) any right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c) of the Bankruptcy Code or otherwise, and (b) the equitable doctrine of marshaling and other similar doctrines, in each case, with respect to the DIP Collateral and the DIP Obligations.</li> </ul> </li> </ul>

25.	<b><i>Final Order:</i></b>	<ul style="list-style-type: none"> <li>The final order approving the DIP Facility, which shall be substantially in the same form as the Interim Order (with such modifications as are necessary to convert the Interim Order into a final order) and otherwise in form and substance reasonably acceptable to the DIP Lender (the “<b>Final Order</b>” and together with the Interim Order, the “<b>Orders</b>”), shall, among other things, authorize and approve the DIP Facility on a final basis, the total amount of the DIP Commitments.</li> </ul>
26.	<b><i>Carve Outs:</i></b>	<ul style="list-style-type: none"> <li>The liens and security interests in the Professional Fee Reserve shall be subject in all respects to the Carve-Out, which shall be defined in the Orders.</li> </ul>
27.	<b><i>Events of Default:</i></b>	<ul style="list-style-type: none"> <li>The DIP Documents shall contain events of default (collectively, “<b>Events of Default</b>”) consistent with this Term Sheet and customary for debtor-in-possession financing facilities of this type, including, without limitation: <ul style="list-style-type: none"> <li>i. payment, non-compliance with covenants set forth in the DIP Documents, judgements in excess of specified amounts, impairment of security interest in the DIP Collateral and other customary defaults, subject to any applicable grace and/or cure periods to be agreed for non-payment defaults only and as are customary for transactions of this nature;</li> <li>ii. the entry of the Final Order shall have not occurred within 25 days after the Petition Date;</li> <li>iii. the entry of an order approving F52, LLC as the stalking horse purchaser for substantially all of the assets of the Debtor shall not have occurred prior to January 9, 2026;</li> <li>iv. the entry of an order approving the sale of substantially all of the assets of Debtor shall have not occurred before February 2, 2026;</li> <li>v. the dismissal of the Chapter 11 Case or the conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code;</li> <li>vi. non-compliance, subject to any applicable grace and/or cure periods, by Borrower with the terms of the Interim Order or the Final Order;</li> <li>vii. the entry of an order staying, reversing, vacating or otherwise modifying the Interim Order or the Final Order, in each case without the prior written consent of the DIP Lender;</li> <li>viii. the entry of an order appointing a trustee, responsible officer, or an examiner having expanded powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code (other than a fee examiner) in the Chapter 11 Case, or the Bankruptcy Court shall have entered an order providing</li> </ul> </li> </ul>



		<p>for such appointment, in each case without the prior written consent of the DIP Lender in its sole discretion;</p> <p>ix. the entry of an order in the Chapter 11 Case granting relief from any stay or proceeding (including, without limitation, the automatic stay) so as to allow a third party to proceed with foreclosure against any material assets of the Borrower to which the fair market value of which exceeds \$50,000;</p> <p>x. the entry of an order (a) surcharging any of the DIP Collateral under sections 105, 506(c), or any other section of the Bankruptcy Code, (b) allowing any administrative expense claim having priority over or ranking in parity with the DIP Claims or the rights of the DIP Lender (subject to the Carve-Out and the Permitted Prior Liens), or (c) otherwise materially adversely impacting the DIP Lender's liens and priority in the DIP Collateral as set forth in this Term Sheet;</p> <p>xi. any action by any Debtor to (a) challenge the rights and remedies of the DIP Lender under the DIP Facility in the Chapter 11 Case or acting in a manner inconsistent with the DIP Documents or (b) avoid or require disgorgement by the DIP Lender of any amounts received in respect of the obligations under the DIP Facility;</p> <p>xii. entry of an order without the express written consent of the DIP Lender obtaining additional financing from a party other than the DIP Lender under section 364(d) of the Bankruptcy Code except if such financing contemplates Payment in Full of the DIP Obligations;</p> <p>xiii. the making of any material payments in respect of prepetition obligations other than (a) as permitted by the Interim Order or the Final Order, (b) as permitted by any "first day" or "second day" orders reasonably satisfactory to the DIP Lender, (c) as permitted by any other order of the Bankruptcy Court reasonably satisfactory to the DIP Lender, (d) as permitted under the DIP Documents in accordance with the Budget, or (e) as otherwise agreed to by the DIP Lender;</p> <p>xiv. entry of an order by the Bankruptcy Court terminating or modifying the exclusive right of any Debtor to file a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the DIP Lender;</p> <p>xv. the Debtor shall seek to, or support any other person's motion to, (a) disallow in whole or in part the DIP Obligations, (b) challenge the validity and enforceability of the DIP Liens, or (c) contest any material provision of any DIP Document;</p>
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		<p>xvi. the Debtor files a plan of reorganization that is not in form and substance satisfactory to the DIP Lender, it being understood that a plan will be satisfactory to the DIP Lender if it provides for the Payment in Full of the DIP Obligations pursuant to a signed commitment to lend from a recognized lender or another source of funding sufficient to allow for the indefeasible payment in cash of the full amount of the outstanding DIP Obligations;</p> <p>xvii. the Debtor files a motion seeking to settle a controversy or claim on account of the DIP Collateral without the prior written consent of the DIP Lender;</p> <p>xviii. the Debtor files a motion for the Bankruptcy Court to approve a sale of the DIP Collateral pursuant to section 363 of the Bankruptcy Code which proposed sale is not reasonably acceptable to the DIP Lender, it being understood that the Debtor's proposed sale to F52, LLC pursuant to the asset purchase agreement, dated December 29, 2025, by and between the Debtor and F52, LLC, is acceptable to the DIP Lender; or</p> <p>xix. the Debtor shall fail to execute and deliver to the DIP Lender any agreement, financing statement, trademark filing, copyright filing, notices of lien or similar instruments or other documents that the DIP Lender may reasonably request from time to time to more fully evidence, confirm, validate, perfect, preserve and enforce the DIP Liens created in favor of the DIP Lender, subject to the time periods and terms set forth in this Term Sheet which includes a post-closing period for delivery of the mortgages as set forth herein.</p>
28.	<b><i>Indemnification and Reimbursement of Expenses:</i></b>	<ul style="list-style-type: none"> <li>• The DIP Documents shall contain customary indemnification provisions for the benefit of the DIP Lender, and its related parties, including, without limitation, indemnification against losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated by the DIP Documents or the use or the proposed use of proceeds thereof; provided that if the DIP Lender is the successful bidder for the assets of the Debtor and the successful bid is consummated, then any amounts payable in respect of these obligations will constitute part of the credit bid component of the purchase price for the assets.</li> <li>• Subject to the DIP Documents, all documented out-of-pocket accrued and unpaid fees, costs, disbursements, and expenses of the DIP Lender, including the fees and expenses of Moore &amp; Van Allen PLLC, as counsel to the DIP Lender, and any other local Delaware counsel retained in their capacity as counsel to the DIP Lender for bankruptcy matters, incurred in connection with the DIP Facility and the Chapter 11 Case shall accrued and be paid at maturity; provided that if the DIP Lender is the successful bidder for the assets of the Debtor and the successful bid is consummated, then any amounts payable in respect of</li> </ul>

		these obligations will constitute part of the credit bid component of the purchase price for the assets.
29.	<b><i>Release:</i></b>	<ul style="list-style-type: none"> <li>The Orders shall include a customary release of the DIP Lender, with respect to any and all claims and causes of action arising from or related to the DIP Facility.</li> </ul>
30.	<b><i>Waivers:</i></b>	<ul style="list-style-type: none"> <li>The Final Order shall include terms and conditions customary for final DIP financing orders and shall be reasonably acceptable to the DIP Lender, including, without limitation, waiver of the automatic stay, credit-bidding rights, “no marshaling” provisions and other similar doctrines, and waivers of the imposition of costs or right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c) of the Bankruptcy Code or otherwise, in each case, to the extent applicable.</li> </ul>
31.	<b><i>Governing Law:</i></b>	<ul style="list-style-type: none"> <li>New York (and to the extent applicable, the Bankruptcy Code).</li> </ul>

**IN WITNESS WHEREOF**, the parties hereto have caused this Term Sheet to be executed as of the date first set forth above.

FOOD52, INC., as a Borrower

By: Erika Badan  
Name: Erika Badan  
Title: Chief Executive Officer

F52, LLC

By:   
Name: Daniel Suratt  
Title: Chief Executive Officer

*[Signature Page to Term Sheet]*

**SCHEDULE 1**

**Permitted Prior Liens**

1. None

**EXHIBIT 2**

**Approved Budget**

**Food52**

DIP Budget

(\$ in 000s)

12/29 File

Weeks:

**Receipts**

Cash Receipts - Schoolhouse  
 Cash Receipts - F52  
 Cash Receipts - Media/Other  
 Other receipts

**Total Receipts****Operating Disbursements**

Employee Costs  
 Rent & Utilities  
 Taxes  
 Insurance  
 IT  
 3PL Warehousing  
 Vendor Payments  
 Other operating disbursements

**Total Operating Disbursements****Operating Cash Flow****BK-Related Expenses**

Professional Fees  
 US Trustee Fees  
 Utility Deposits  
 503(b)(9) Claims  
 Avid

**Total BK-Related Disbursements****Total Disbursements****Net Cash Flow**

Beginning Book Cash Balance  
 (+/-) Net Cash Flow  
 (+) DIP Draw

**Ending Book Cash Balance**

	Forecast 1	Forecast 2 1/9	Forecast 3 1/16	Forecast 4 1/23	Forecast 5 1/30	Forecast 6 2/6	Forecast 7 2/13	Forecast 8 2/20	Forecast 9 2/27	Forecast 10 3/6	Forecast 10 Week Total
\$	600	\$ 525	\$ 525	\$ 525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,175
20	-	-	-	-	-	-	-	-	-	-	20
-	104	200	200	200	150	150	225	200	250	200	1,679
-	-	280	-	50	-	-	-	-	-	-	330
<b>\$ 620</b>	<b>\$ 629</b>	<b>\$ 1,005</b>	<b>\$ 775</b>	<b>\$ 150</b>	<b>\$ 150</b>	<b>\$ 225</b>	<b>\$ 200</b>	<b>\$ 250</b>	<b>\$ 200</b>	<b>\$ 200</b>	<b>\$ 4,204</b>
\$	(89)	\$ (47)	\$ (192)	\$ (2)	\$ (154)	\$ (2)	\$ (227)	\$ -	\$ -	\$ -	\$ (715)
(12)	-	-	-	-	(22)	-	(13)	-	-	-	(47)
(265)	-	-	-	(206)	-	-	(158)	-	-	-	(629)
-	-	(50)	-	-	-	-	(50)	-	-	-	(100)
-	(50)	-	-	(90)	-	-	-	(45)	-	-	(185)
-	-	(250)	-	(225)	(150)	(100)	(25)	(25)	-	-	(775)
(1,170)	(275)	-	-	-	-	-	-	-	-	-	(1,445)
(226)	(170)	(175)	(75)	(70)	(170)	(20)	(15)	(15)	(15)	(15)	(953)
<b>\$ (1,762)</b>	<b>\$ (542)</b>	<b>\$ (667)</b>	<b>\$ (598)</b>	<b>\$ (397)</b>	<b>\$ (272)</b>	<b>\$ (493)</b>	<b>\$ (40)</b>	<b>\$ (60)</b>	<b>\$ (60)</b>	<b>\$ (15)</b>	<b>\$ (4,848)</b>
<b>\$ (1,142)</b>	<b>\$ 87</b>	<b>\$ 338</b>	<b>\$ 177</b>	<b>\$ (247)</b>	<b>\$ (122)</b>	<b>\$ (268)</b>	<b>\$ 160</b>	<b>\$ 190</b>	<b>\$ 185</b>	<b>\$ 185</b>	<b>\$ (644)</b>
\$	(395)	\$ (360)	\$ (350)	\$ (350)	\$ (285)	\$ (340)	\$ (200)	\$ (190)	\$ (200)	\$ (205)	\$ (2,875)
-	-	-	-	-	-	-	-	-	-	(53)	(53)
(25)	-	-	-	-	-	-	-	-	-	-	(25)
-	-	-	-	-	-	-	-	-	-	(270)	(270)
(411)	-	-	-	-	-	-	-	-	-	-	(411)
<b>\$ (831)</b>	<b>\$ (360)</b>	<b>\$ (350)</b>	<b>\$ (350)</b>	<b>\$ (285)</b>	<b>\$ (340)</b>	<b>\$ (200)</b>	<b>\$ (190)</b>	<b>\$ (200)</b>	<b>\$ (200)</b>	<b>\$ (528)</b>	<b>\$ (3,634)</b>
<b>\$ (2,593)</b>	<b>\$ (902)</b>	<b>\$ (1,017)</b>	<b>\$ (948)</b>	<b>\$ (682)</b>	<b>\$ (612)</b>	<b>\$ (693)</b>	<b>\$ (230)</b>	<b>\$ (260)</b>	<b>\$ (260)</b>	<b>\$ (543)</b>	<b>\$ (8,482)</b>
<b>\$ (1,973)</b>	<b>\$ (273)</b>	<b>\$ (12)</b>	<b>\$ (173)</b>	<b>\$ (532)</b>	<b>\$ (462)</b>	<b>\$ (468)</b>	<b>\$ (30)</b>	<b>\$ (10)</b>	<b>\$ (10)</b>	<b>\$ (343)</b>	<b>\$ (4,278)</b>
\$	858	\$ 805	\$ 532	\$ 520	\$ 1,846	\$ 1,315	\$ 852	\$ 384	\$ 354	\$ 344	\$ 858
(1,973)	(273)	(12)	(173)	(532)	(462)	(468)	(30)	(10)	(10)	(343)	(4,278)
1,920	-	-	1,500	-	-	-	-	-	-	-	3,420
<b>\$ 805</b>	<b>\$ 532</b>	<b>\$ 520</b>	<b>\$ 1,846</b>	<b>\$ 1,315</b>	<b>\$ 852</b>	<b>\$ 384</b>	<b>\$ 354</b>	<b>\$ 344</b>	<b>\$ 344</b>	<b>\$ 0</b>	<b>\$ 0</b>